

# ANNUAL REPORT 2024



alterfin 



Coffee producer,  
CPC, Laos  
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Coffee producer  
Frontera, Peru  
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# Index

- 1** FOREWORD > 4
- 2** ALTERFIN IN A NUTSHELL > 6
- 3** OUR COMMITTED CO-OP MEMBERS > 10
- 4** TEAM, GOVERNANCE & EXPERTS > 12
- 5** OUR CARBON FOOTPRINT > 14
- 6** PARTNERSHIPS & NETWORKS > 16
- 7** OUR SUSTAINABLE INVESTMENTS > 20
- 8** OUR IMPACT > 39
- 9** OUR FINANCIAL PERFORMANCE > 58
- 10** PERSPECTIVES > 64
- 11** APPENDICES > 66

# 1 Foreword

Dear readers,

Just like the previous year, 2024 was characterized by a global “polycrisis”. Or should we talk about “permacrisis”?

In this time of radical uncertainty, **hope is vital** and must be as radical as the challenges we face.

That is what drives Alterfin: it encourages a sense of hope by creating opportunities to **work together**, demonstrating the power of each and every one of us to make a difference.

And that is exactly what we did in 2024, with the 5,901 members of our co-operative acting in solidarity with 143 social enterprises and 4.8 million vulnerable households. Once again, we proved that **our model is resilient and that we have a significant and long-lasting impact**.

It is true that our margins have been reduced, but despite the challenges and constraints, we have achieved a **positive financial result**, thanks to the solid development of our activities, an advantageous renegotiation of our commercial banks’ financing conditions, cost control, the establishment of several risk management systems and operational rigor.

We also achieved a **record level of investments, while maintaining good portfolio quality**. Our investments in sustainable agriculture have reached an all-time high in Alterfin’s history. As a result, we have reached more vulnerable households through our partners than ever before, particularly in Africa, which has become the major focus of our investments.

Impact is and continues to be the driving force behind our approach. In 2024, we published our **fifth impact study**, focusing on our partners in microfinance for the first time. The study’s conclusions are clear: across all sectors, **76% of respondents said that their livelihoods had improved**.

Another constant? Our faith in technical assistance, an effective addition to financing. In 2024, we conducted **28 technical assistance projects**, all tailored to our partners’ needs.

Lastly, we developed our **new Environmental Strategy**, which will enable us to intensify our efforts to strengthen our partners’ resilience, while contributing to the fight against climate change. This strategy will be implemented in 2025.



As global crises intensify and governments scale back their contributions to overcoming global social and environmental injustices, our response must be to continue to forge ahead, proposing bolder solutions and creating new opportunities for action.

I am very grateful for the team's commitment to Alterfin's mission and the values that inspire us. I would also like to express my warmest thanks to our co-op members for their continued support, without which none of this would be possible.

**Together, we remain committed to our planet and a better, fairer and more sustainable world.**

Co-operatively yours,

Jean-Marc Debricon  
CEO

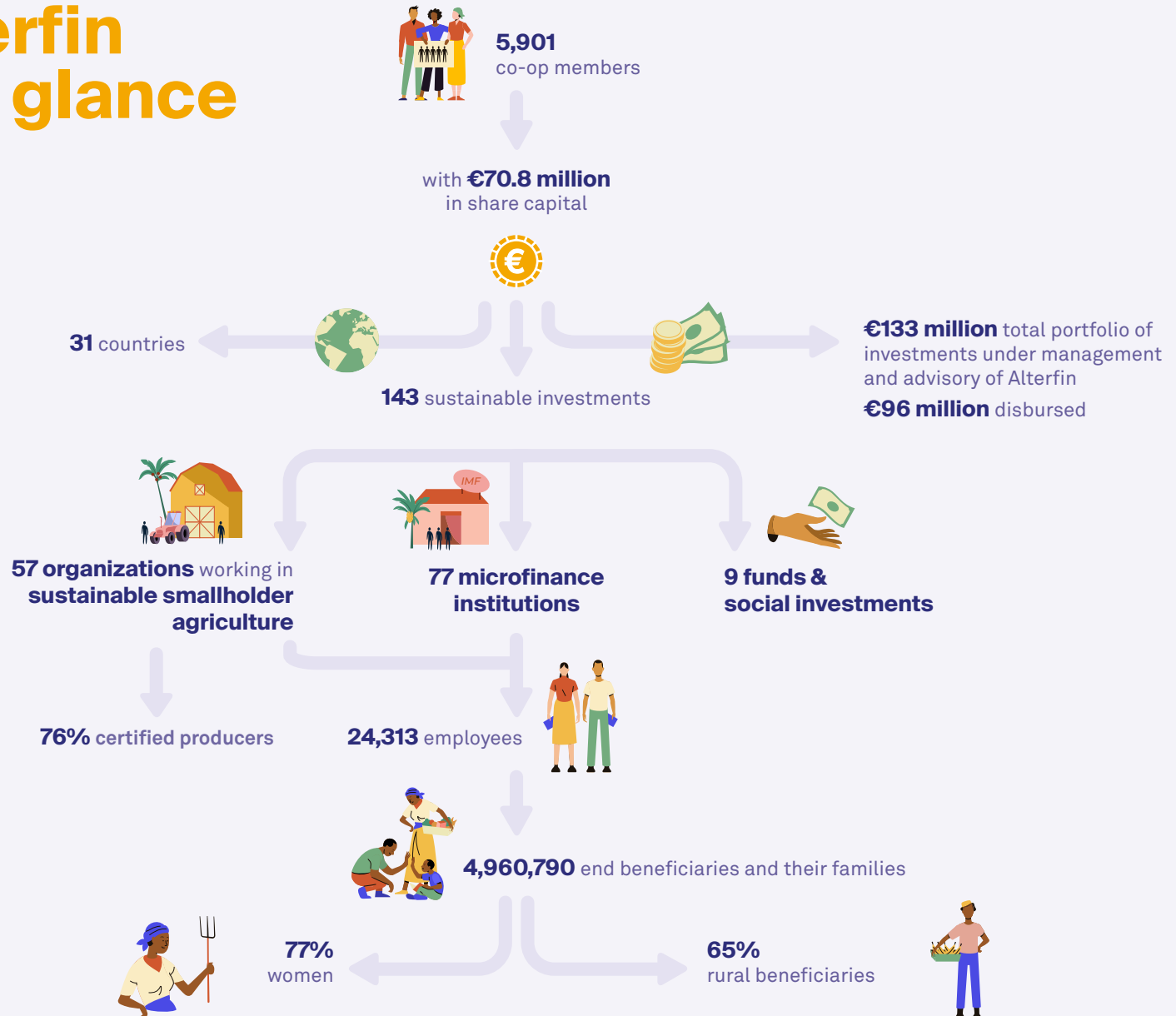


Coffee producer,  
Rwanda  
© Alterfin



# 2 Alterfin ~ at a glance

## KEY FIGURES







# MISSION

Alterfin's goal is to improve the livelihoods and living conditions of socially and economically disadvantaged people and communities, predominantly living in rural areas in low-and middle-income countries around the world.

Cambodian landscape  
© Alterfin



In order to achieve this goal, Alterfin provides financial and non-financial services to its partners by:

- 1** Raising funds, mainly from individual investors and socially responsible institutions;
- 2** Structuring and promoting ethical and sustainable investments;
- 3** Networking with like-minded organizations.

By doing so,  
Alterfin contributes to  
the United Nations  
Sustainable Development  
Goals.

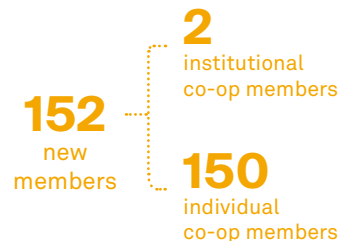


# 3 Our committed co-op members

As of December 31, 2024, Alterfin had **5,901 co-op members** who together provided capital of **€70,810,938**. 86% percent of the capital is held by individual shareholders and the remaining fourteen percent by institutional shareholders. An individual co-op member invests an average of €10,700 with Alterfin, while the average investment of an institutional co-op member is €52,200. **The net increase in capital in 2024 was €271,625.**

During the year, **152 new members** joined our co-operative. By providing investments, these members help create a social and environmental impact.

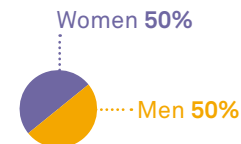
## A FEW STATISTICS ON THE NEW CO-OP MEMBERS



Average age  
**46 years years**



Average investment  
**€7,200**



## SPLIT OF CAPITAL BY CO-OP MEMBER TYPE



**€60.9**  
million



**5,711**  
individual co-op  
members (type B)

**€70.8**  
million

**5,901**  
co-op members



**€9.9**  
million



**190**  
institutional co-op  
members (type A)



## Testimonials from our co-op members

Below, some of the people who joined our cooperative share why they decided to invest in Alterfin shares:



**Bosco,**  
49 years old

« What prompted me to join Alterfin? I'm from Burundi and I already finance a few small projects there, but I was looking for a more structured organization to support people in Africa. I want them to have the resources to become self-sufficient.

Investing in Alterfin is affordable. I started with a small amount and if I'm satisfied with my investment, so I'm going to buy additional shares.

When my daughter turned 18, I decided to give her Alterfin shares. Of course, I could have given her money, but at the moment, she doesn't need any. With this gift, I want her to understand that she can use her money to contribute to society. As a shareholder, I hope she'll follow Alterfin's activities and buy more shares over the years. »



**Coffee producer,**  
**Peru**  
© Alterfin



**Véronique**  
67 years old

« In this day and age, being able to rely on other people is something to be treasured. Alterfin gives us an opportunity to join forces for a more inclusive and environmentally friendly future.

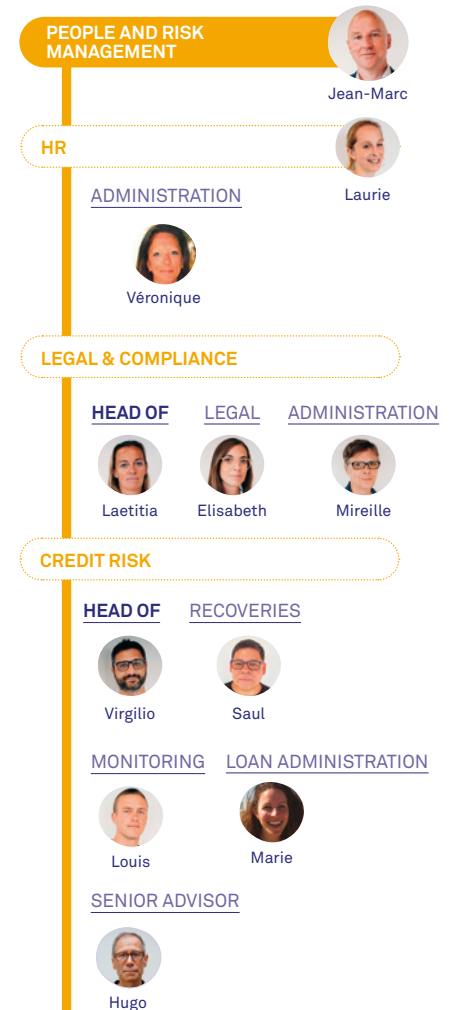
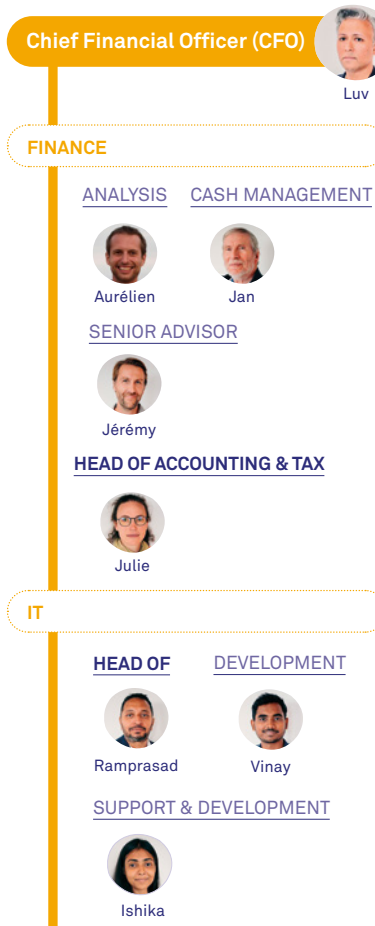
I see Alterfin as a co-operative that empowers us to think about others, by offering us the opportunity to invest in projects with a significant social and environmental impact. Choosing to support these initiatives brings out the best in us, while also enabling the beneficiaries of these projects to reach their full potential. »

# 4 Team, Governance & Experts



## ALTERFIN'S ORGANIZATION CHART

The members of the Alterfin team are mainly based in Europe, but also in Peru, Cambodia, Costa Rica, Honduras, Bolivia, Kenya, Kyrgyzstan, India, and Côte d'Ivoire.





## BOARD OF DIRECTORS



**Klaartje Vandersypen, chairwoman**  
Representing individual co-op members  
**Expertise:** Banking, impact investment



**Erik Devogelaere**  
Representative of Rikolto  
**Expertise:** Good governance



**Elke Briers**  
Representing individual co-op members  
**Expertise:** Philanthropy, development



**Luc Cool**  
Independent director  
**Expertise:** Strategic leadership, finance, operations, risk management



**Laetitia Counye**  
Independent director  
**Expertise:** Impact investment, microfinance



**Dominique Morel**  
Representative of Humundi (ex-SOS Faim)  
**Expertise:** Microfinance, rural development, Agro-ecology



**Maarten Loopmans**  
Independent director  
**Expertise:** Anthropology



**Thierry Bertouille**  
Representing individual co-op members  
**Expertise:** International cooperation, rural development



**Vanessa Galhardo-Galhetas**  
Independent director  
**Expertise:** Finance law, legal & compliance, corporate governance

The Board of Directors establishes Alterfin's strategic focus and is legally responsible for achieving the objectives within the framework of acceptable risk management. Its members have the wide range of skills required to ensure that Alterfin makes sound and well-informed decisions. As a source of expertise and information for the CEO and his team, it represents the body to which Alterfin's management is accountable. In turn, the Board of Directors is held accountable during the Annual General Meeting.

## EXTERNAL EXPERTS OF THE INVESTMENT COMMITTEE



**Albert Hofsink**  
**Expertise:** Microfinance, financial and currency management, risk management



**Dasha Kuts**  
**Expertise:** Emerging markets, Investment management, Impact of ESG criteria, corporate governance



**François Hoffait**  
**Expertise:** Microfinance, business development, general management (private sector/NGO) in Africa and Latin America



**Herman Van Mellaert**  
**Expertise:** Agronomy, business development, business planning, biological control



**Ignace Vanden Bulcke**  
**Expertise:** Banking services to businesses, commercial financing



**Joana Afonso**  
**Expertise:** Financial inclusion, green inclusive finance and impact management



**Linda Toscano**  
**Expertise:** Strategic planning, operational practices, financial management, sustainable development, social justice



**Marcus Fedder**  
**Expertise:** Investment banking, development banking, microfinance



**Matthieu Vanhove**  
**Expertise:** Banking and microfinance, general and financial management, cooperative entrepreneurship

Alterfin's Investment Committee (IC) is the body responsible for the final approval of any investment. The unique combination of its members' development and financial expertise is one of the cooperative's strengths. The IC has the necessary experience to provide a thorough assessment of any financing application, considering all relevant points of view: operational and financial performance, along with social and environmental impact. The IC members are appointed by the Alterfin Board of Directors. They vote on investment decisions relating to new partners or transactions over \$1 million. All investment decisions made by the IC require unanimity.

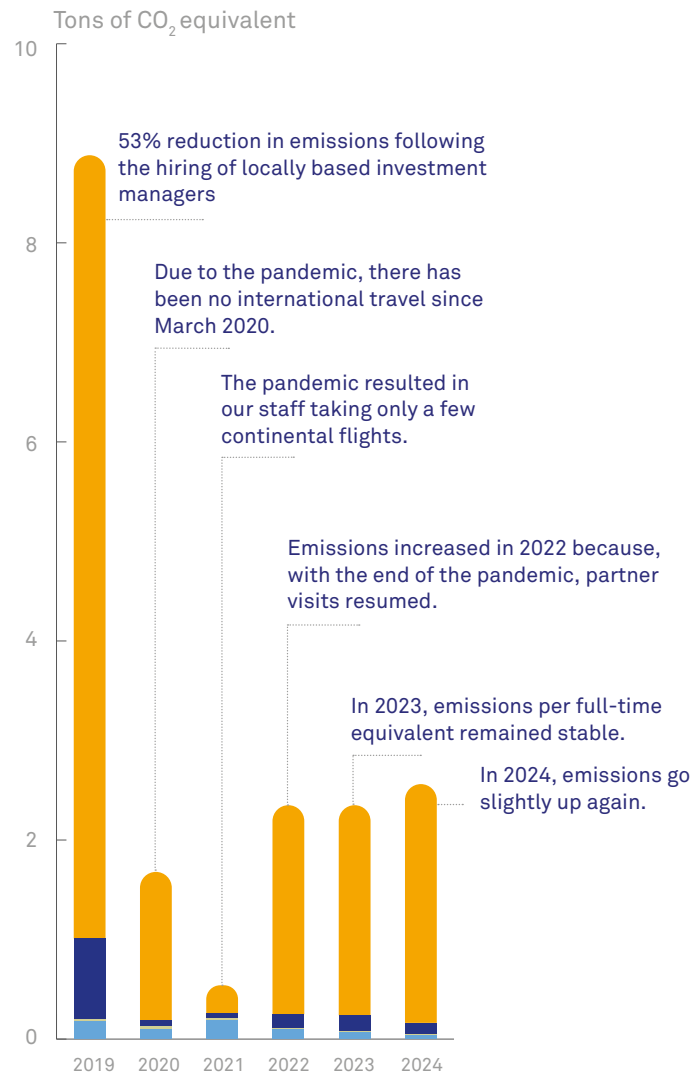
# 5 Our carbon footprint

Alterfin constantly strives to have a positive social and environmental impact. We apply this sustainable approach to our day-to-day activities and internal operations. As such, our cooperative tries to reduce its carbon footprint as much as possible and offsets emissions that cannot be avoided.

In 2024, our annual CO<sub>2</sub> emissions increased by 6%. This is partly due to the 2.5% increase in our portfolio. When we expand in countries where we do not have local investment managers, more travel is required to establish new partnerships and manage existing ones.

## ANNUAL CO<sub>2</sub> EMISSIONS PER FULL-TIME EQUIVALENT

- Air travel (partner visits)
- Commuting
- Paper
- Offices (gas and electricity)





To offset its carbon footprint, Alterfin developed a partnership in 2015 with Acopagro, a co-operative of cocoa producers in the San Martín region of northern Peru. Through this partnership, we finance the annual planting of trees on the land of producers who are members of the co-operative. These plantations capture a volume of CO<sub>2</sub> equivalent to our emissions during the previous year. In 2024, we planted nearly 3,900 trees to offset our 2023 emissions.

OFFSETTING CO<sub>2</sub> EMISSIONS

Since 2015, Alterfin has planted nearly 64,000 trees. This represents an area equivalent to 53 hectares, or slightly more than four times the size of the Parc de Bruxelles (Warandepark). The trees are planted on the land of 53 producers in seven communities.



# 6 Partnerships & Networks

## CERTIFICATION AND LABELS

Alterfin has obtained various certifications that prove the ethical and sustainable nature of its commitment to its co-op members, its staff and its partners. Whether national or international, these labels demonstrate Alterfin's role as an organization striving for a fairer world.



## SUSTAINABLE COOPERATION IN BELGIUM

As a member of other Belgian co-operatives and organizations, Alterfin aims to stimulate exchanges and foster a co-operative movement with similar aspirations and values.



## FINANCING PARTNERS

Institutions with similar aspirations provide financial support for Alterfin's projects. These institutions include the EDFI and BIO institutions and an Italian ethical bank, Banca Etica. They provide us with financing in American dollars or local African currencies and provide lines of credit in euros, enabling us to expand our portfolio and carry out our mission.



## GUARANTEE FINANCING

To reduce the risks associated with providing loans, Alterfin puts guarantee mechanisms in place. These guarantees, which are vital for our operations, are financed by certain organizations (for more information, see Chapter 8: "Our impact"):

- **Aceli Africa** is a guarantee fund established within the framework of the Council on Smallholder Agricultural Finance (CSAF), with the aim of promoting financial inclusion in the smallholder agriculture sector.
- **FOGAL** is a guarantee fund that aims to facilitate access to loans for organizations that develop economic activities in rural areas of Latin America. It was founded in 2004 by SOS Faim (now known as Humundi) and other local partners.



- For the first time in 2024, Alterfin received support from the **Guarantee Program of the USDFC** (United States Development Finance Corporation).



## NETWORKS IN ETHICAL FINANCE, MICROFINANCE AND SUSTAINABLE SMALLHOLDER AGRICULTURE

To promote solidarity financing, Alterfin is an active member of several Belgian and international networks in ethical financing and in the microfinance and sustainable smallholder agriculture sectors. These networks aim to **share knowledge** and to **establish and promote best practices for these sectors**. Their focus is on ensuring transparency and having a positive impact on the final beneficiaries.

In addition, Alterfin is a founding member of the **Board of Directors of the Council on Smallholder Agricultural Finance (CSAF)** and has contributed significantly to the development of its strategy and its programs.



Brazil nut picker, Bolivia  
© Alterfin



## FINANCIAL BACKERS

### MARKET CREATION

To be able to provide our partners with financing in local currencies, Alterfin uses platforms that offer **vital currency hedging**, including the MFX platform and the European Commission's EU Market Creation Facility.



### GRANTS FOR TECHNICAL ASSISTANCE PROJECTS

In 2024, in addition to the internal funds from the Alterfin Guarantee Fund, we received funds from the following institutions to finance technical assistance projects, aimed at strengthening our partners' capacities:



- **SSNUP (Smallholder Safety Net Upscaling Programme):** this program aims to improve the livelihoods of 10 million families of smallholder producers with targeted training and investment in agricultural value chains. Since the beginning of this partnership in 2021, Alterfin has managed funds of €813,415, including €402,710 in 2024.
- **BIO (Belgian Investment Company for Developing Countries):** this development organization invests in SMEs in developing countries. Between 2022 and 2023, Alterfin received financing of €80,000 for its partners, including €49,716 disbursed in 2024.

## INVESTMENT CONSULTANCY SERVICES FOR THIRD-PARTY FUNDS

In addition to the financing provided with its own funds, Alterfin also provides investment consultancy services to benefit other organizations. In 2024, we continued our partnerships with:

- The **Symbiotics and Quadia Swiss** impact investment funds in the sustainable smallholder agriculture sector.
- The **Fefisol II fund**: launched in 2022 and jointly founded and managed by Alterfin and SIDI (a solidarity investment company), Fefisol II provides financing for microfinance institutions and organizations in the sustainable smallholder agriculture sector in Africa.
- **BRS**, a Belgian cooperative that provides technical assistance services and loans for microfinance institutions around the world.

For more information about the development of funds advised for third parties, see Chapter 7: "Our sustainable investments" (page 20).

### FUNDS WITH INVESTMENTS UNDER ALTERFIN'S ADVISORY



## OTHER INVESTORS IN THE FEFISOL II FUND



## CO-FOUNDER OF KAMPANI

In 2015, Alterfin founded Kampani, a **fund for sustainable smallholder agriculture**, together with the following organizations:



## SUSTAINABLE WORKPLACE

Alterfin wants its workplace to reflect its commitment to sustainability. That is why we moved our offices to Mundo Madou's buildings in 2019. This organization **puts social and**

**environmental responsibility at the heart of its approach.** The buildings are designed to minimize their environmental impact. Furthermore, we can create synergies with the other charitable associations, NGOs and social enterprises that work there.



## ORGANISATIONS MEMBRES

Other organizations that are also active in microfinance, sustainable smallholder agriculture and fair trade have **demonstrated their commitment by becoming Alterfin members themselves.** Alterfin's co-op members include the founding members of the co-operative, such as Oxfam Belgique, Oxfam Wereldwinkels and Rikolto. It should also be noted that some partnerships take several forms: BIO is a financial partner, a financial backer (for technical assistance projects) and a co-op member of Alterfin, for example. These different forms of assistance show that these organizations support and trust Alterfin.





# 7 Our sustainable investments

Glossary > available at page 66

## Alterfin in 2024:

**€133 million**

total portfolio of investments under Alterfin's management and advisory

**€96 million**  
disbursed

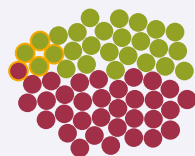
**143 partners**  
in 31 countries

- 77 in microfinance
- 57 in sustainable smallholder agriculture
- 9 funds & social investments
- 16 new

### LATIN AMERICA



58 partners



total portfolio  
€46m



31% agriculture  
69% microfinance

### AFRICA



47 partners

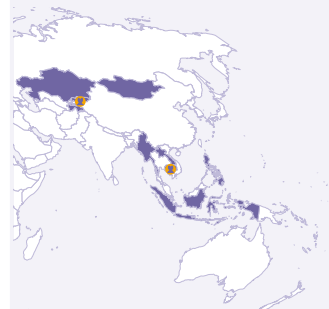


total portfolio  
€51m



45% agriculture  
51% microfinance  
4% funds

### ASIA



23 partners



total portfolio  
€30m



18% agriculture  
82% microfinance



There are **local branches** in 8 countries:  
Honduras, Costa Rica, Peru, Bolivia, Côte d'Ivoire, Kenya, Kyrgyzstan and Cambodia

### INTERNATIONAL

15 partners



total portfolio  
€6m



35% agriculture  
52% microfinance  
13% funds

## An increasingly relevant mission in response to the polycrisis

In a polarized world of polycrisis, Alterfin's mission is more relevant than ever. That is because vulnerable populations in rural areas are the first to fall victim to climate change, upheavals in economic activity, and the changing decisions of governing bodies. The combination of these factors is leading to a stagnation in the fight against poverty and a deterioration in living conditions for some of the world's population.

Indeed, **more than 700 million people continue to live in extreme poverty, on less than USD 2.15 a day**. Two-thirds of them live in sub-Saharan Africa. Even more worryingly, 3.5 billion people, or 44% of the world's population, survive on less than USD 6.85 a day (a more relevant benchmark for middle-income countries). This figure has hardly changed in 30 years<sup>1</sup>. To remedy this situation, more inclusive growth is needed.

In this context, **demand for Alterfin's services is high** and our investment activities, the beneficiaries of which are disadvantaged populations in rural areas, continue to grow. Consequently, the **total portfolio of investments under Alterfin's management and advisory increased by almost 9% in 2024 to reach €133 million**, the highest figure since our co-operative was founded more than 30 years ago. As explained in the following paragraphs, this growth applies to all our sectors (microfinance, sustainable agriculture) and regions of activity (Africa, Latin America, Asia).

<sup>1</sup> [www.worldbank.org/en/publication/poverty-prosperity-and-planet](https://www.worldbank.org/en/publication/poverty-prosperity-and-planet)



**Mais producer,  
Rwanda**  
© Alterfin

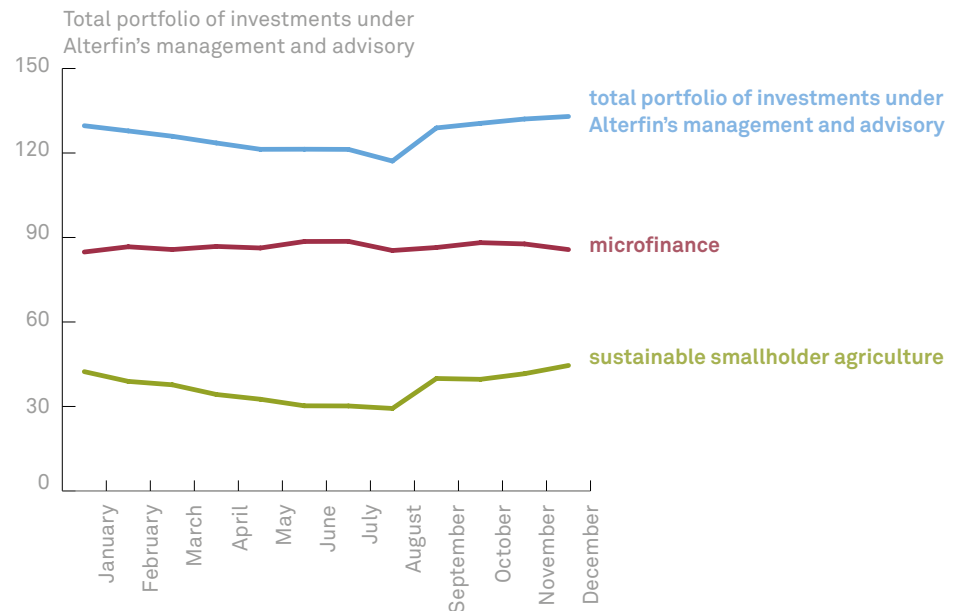
## HIGHER AVERAGE OUTSTANDING INVESTMENTS

In 2024, the total portfolio of investments under Alterfin's management and advisory was characterized by the usual seasonality of investments in the sustainable agriculture sector.

However, this seasonality in agriculture was mitigated by larger and more consistent disbursement volumes in microfinance. The result? **Higher average outstanding investments** than in previous years.

### SEASONALITY OF THE TOTAL PORTFOLIO OF INVESTMENTS UNDER ALTERFIN'S MANAGEMENT AND ADVISORY

In general, the portfolio sees a seasonal downturn between March and August. This is because of the seasonality of coffee farming in Central America and cocoa farming in Côte d'Ivoire, which are the main value chains in the agricultural portfolio.





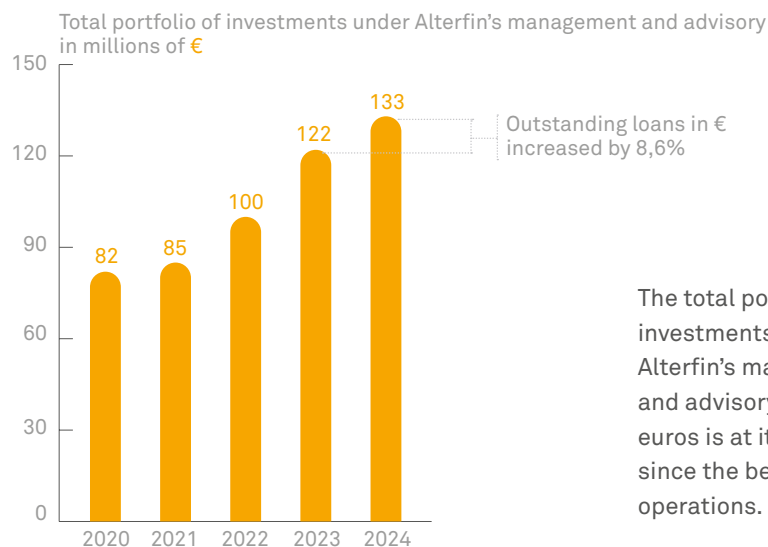
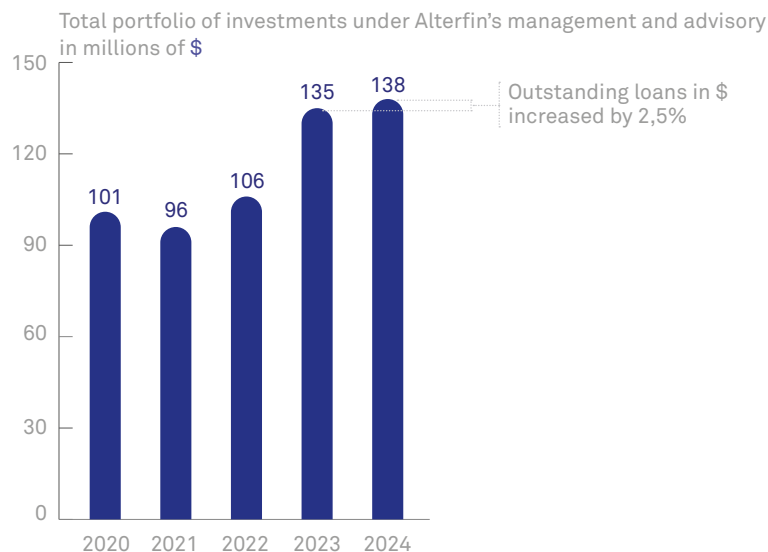
## PORTFOLIO GROWTH OF 2.5% IN DOLLAR

The US dollar is the currency used for approximately 80% of our investments and therefore more accurately reflects the evolution of our activity. As such, **Alterfin's total portfolio of investments under management and advisory reached \$138 million** at the end of 2024, representing a **2.5% increase over one year**. The growth rate of the portfolio expressed in dollars is lower than that in euros. This difference is explained by the nearly 6% depreciation of the euro against the greenback over the past 12 months.

**143 partners in 31 countries** benefited from our services over the course of the year. Sixteen new partners received financing in 2024: ten microfinance institutions, five agricultural organizations, and one social buyer. An equal number of partners left our portfolio, primarily because of poor operational and financial performance (eleven partners) and a national context that prevented Alterfin from continuing to invest (two partners), while three partners did not require new financing.



## EVOLUTION OF THE TOTAL PORTFOLIO OF INVESTMENTS UNDER ALTERFIN'S MANAGEMENT AND ADVISORY ON DECEMBER 31 IN EUROS AND DOLLARS



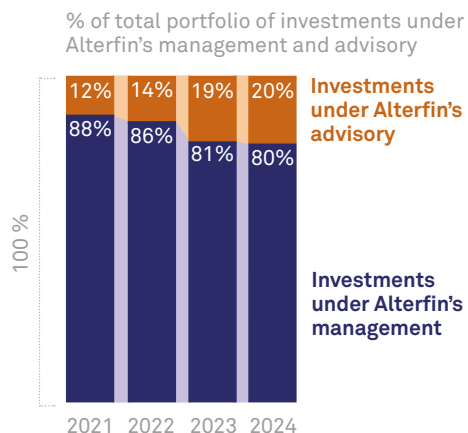
The total portfolio of investments under Alterfin's management and advisory expressed in euros is at its highest level since the beginning of our operations.

## The complementary nature of investments under management and advisory

The total portfolio consists of **80% investments under Alterfin's management** and **20% investments under Alterfin's advisory**. The following sections will analyze the total portfolio of investments under Alterfin's management and advisory.

### COMPOSITION OF THE TOTAL PORTFOLIO OF INVESTMENTS UNDER ALTERFIN'S MANAGEMENT AND ADVISORY

Alterfin's share has decreased slightly, due to the increased share of Symbiotics and Fefisol II.



## PORTFOLIO OF INVESTMENTS UNDER ALTERFIN'S MANAGEMENT

The portfolio of investments under Alterfin's management includes **investments made by Alterfin in its own name**, using its own funds and loans contracted from Belgian and international financial institutions. It is primarily composed of the **gross loan portfolio**, which corresponds to short- and medium-term loans granted to our partners. It also includes **financial fixed assets**, which are equity investments in funds or strategic partners, and which have historically represented less than 5% of the portfolio of investments under Alterfin's management. This portfolio increased by 7% in 2024, reaching €106.6 million.



## PORTFOLIO OF INVESTMENTS UNDER ALTERFIN'S ADVISORY

In addition to managing its own portfolio of investments, Alterfin also provides **investment consultancy services for third-party funds**. These additional investments enable us to meet the needs of our partners, while reducing our own level of risk. The commission we receive for these investment consultancy services increases our income.

We currently provide consultancy services for the following organizations:

- **Symbiotics:** Alterfin provides this Swiss impact investor with investment consultancy services focused on the sustainable agriculture sector;
- **Fefisol:** a fund created by several investors (including Alterfin, see inset), focused on financing microfinance institutions and organizations in sustainable agriculture in Africa;
- **BRS Microfinance Coop:** a Belgian co-operative that provides technical assistance services and loans for microfinance institutions around the world;
- **A few former funds** for which Alterfin provided investment consultancy services, whose loans are still active.

The portfolio of investments under Alterfin's advisory reached a total of **€26.3 million in late December 2024**, an **increase of 15%** in comparison to 2023.

### Fefisol: the implementation of an impact investment tool in Africa

Launched in June 2022 for a duration of ten years, the Fefisol II Fund (European Solidarity Financing Fund) was founded and is jointly managed by Alterfin and SIDI (Solidarité Internationale pour le Développement et l'Investissement). The fund is primarily financed by its founders and by development institutions (EIB, BIO, FISEA, Banca Popolare Etica, Crédit Coopératif, Banque Alternative Suisse, SOS Faim Luxembourg).

Fefisol operates **exclusively in Africa** and invests in microfinance and sustainable agriculture. The fund has a **total financing capacity of around €25.4 million**. By the end of 2024, a total of €22.2 million was invested in 37 partners, with €13.1 million managed for 21 partners who also received direct financing from Alterfin. Furthermore, Fefisol provides €1.35 million for technical assistance projects that will further strengthen our partners' capacities.



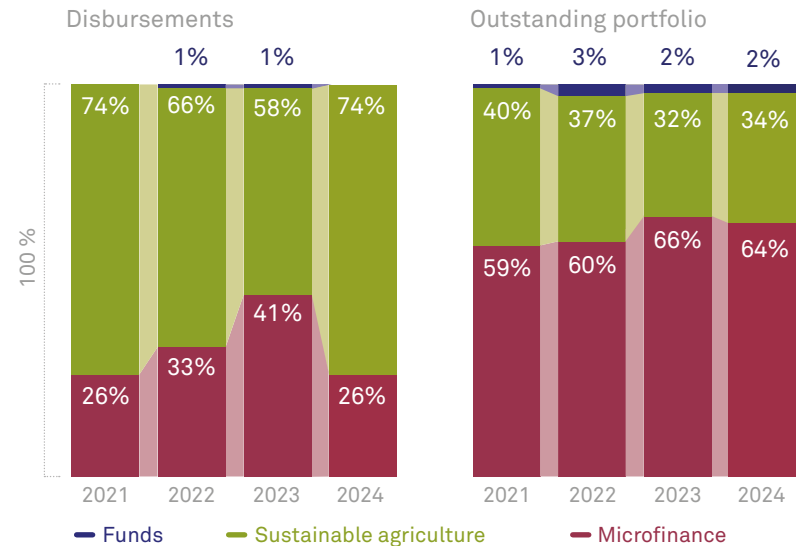


## No changes in distribution by sector

The distribution by sector of the total portfolio of investments under Alterfin's management and advisory did not change in 2024: the microfinance sector accounts for roughly two-thirds of our active investments, while sustainable agriculture accounts for one-third. Investments for institutional partners under advisory or in both sectors make up a marginal share of the portfolio.

### EVOLUTION OF THE COMPOSITION OF THE TOTAL PORTFOLIO OF INVESTMENTS UNDER ALTERFIN'S MANAGEMENT AND ADVISORY BY SECTOR

The proportion of disbursements in the agricultural sector rose because of increased investments, amid rising cocoa and coffee prices.



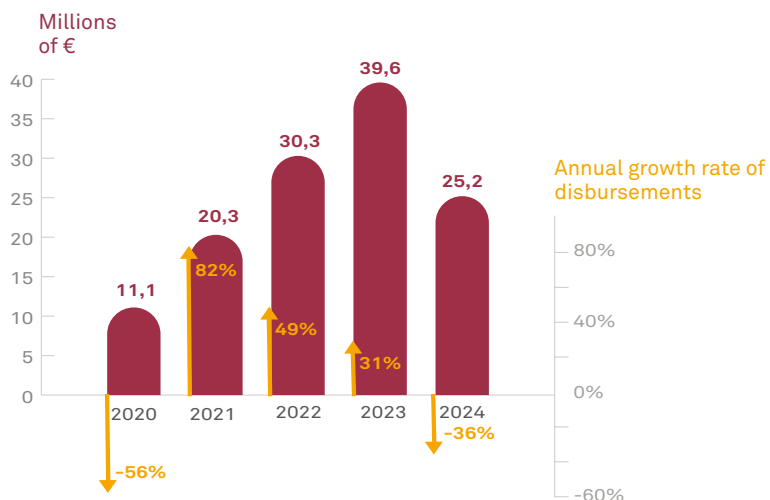
## CONTINUED GROWTH IN MICROFINANCE

Activity in the microfinance sector remains buoyant. This is due to strong demand for loans from micro- and small entrepreneurs all over the world, particularly because of the global context of rising inflation. Consequently, demand from our existing partners is increasing; this led to a **6% increase in our outstanding investments in the sector in 2024**. In addition, Alterfin made an initial investment in 10 new microfinance institutions (MFIs) over the course of the year.

The total portfolio in the sector now stands at €85.7 million, evenly distributed between our three regions of activity. In July 2024, it reached €88.6 million, a record for Alterfin. It then fell slightly in the second half of the year; this was because many repayments were scheduled for the third and fourth quarters. The majority of these loans will be renewed in 2025 and beyond; this will result in further growth in the portfolio's outstanding investments in the sector.

## DISBURSEMENTS IN MICROFINANCE

Due to record disbursements in 2022 and 2023 and the structure of existing loans, the total amount of disbursements in the microfinance sector fell in 2024.



## RECORD LEVEL OF DISBURSEMENTS IN SUSTAINABLE AGRICULTURE IN 2024

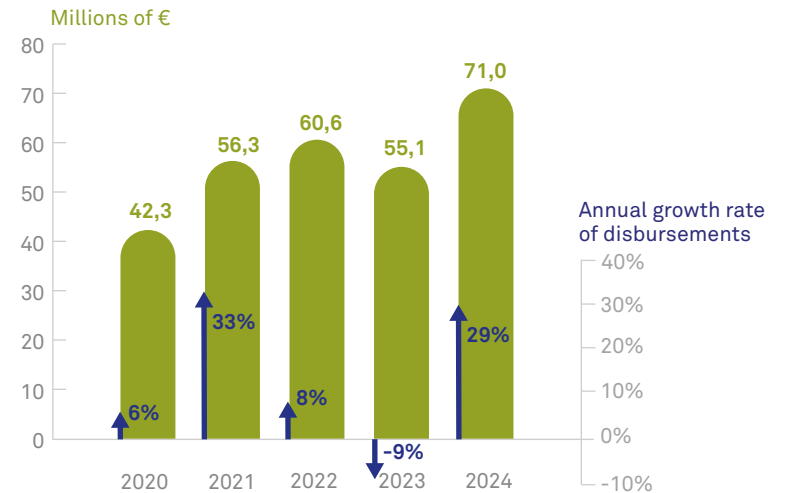
Although it represents a smaller share of the total portfolio of investments under Alterfin's management and advisory, the **sustainable agriculture sector accounted for 74% of disbursements made in 2024**. This can be explained by a **record level of disbursements in the agricultural sector in 2024** (€71 million).



Cashew nut producer,  
Cambodia  
© Alterfin

## DISBURSEMENTS IN SUSTAINABLE SMALLHOLDER AGRICULTURE

The total amount of disbursements in sustainable smallholder agriculture reached a record level, primarily because of higher cocoa and coffee prices, increased demand from our partners, and new partnerships.



The loans that we provide to our agricultural partners are structured differently from those we provide to MFIs: agricultural loans follow the farming seasons, with highly revolving financing, while loans for MFIs are disbursed for an average term of three years. However, with record disbursements in microfinance in 2022 and 2023, there were fewer in 2024 in comparison to sustainable agriculture.

The total portfolio of investments under Alterfin's management and advisory in the agriculture sector **increased by 14%** during the year to reach €44.6 million in late 2024. Once again, this is by far the highest figure that Alterfin has achieved since 1994.



## Coffee and cocoa: soaring prices

The agricultural portfolio is largely divided between Africa and Latin America. This is where the major export value chains for cocoa and coffee are found, while opportunities in these sectors remain limited in Asia. These value chains also receive significant investments under advisory from the Fefisol and Symbiotics funds.

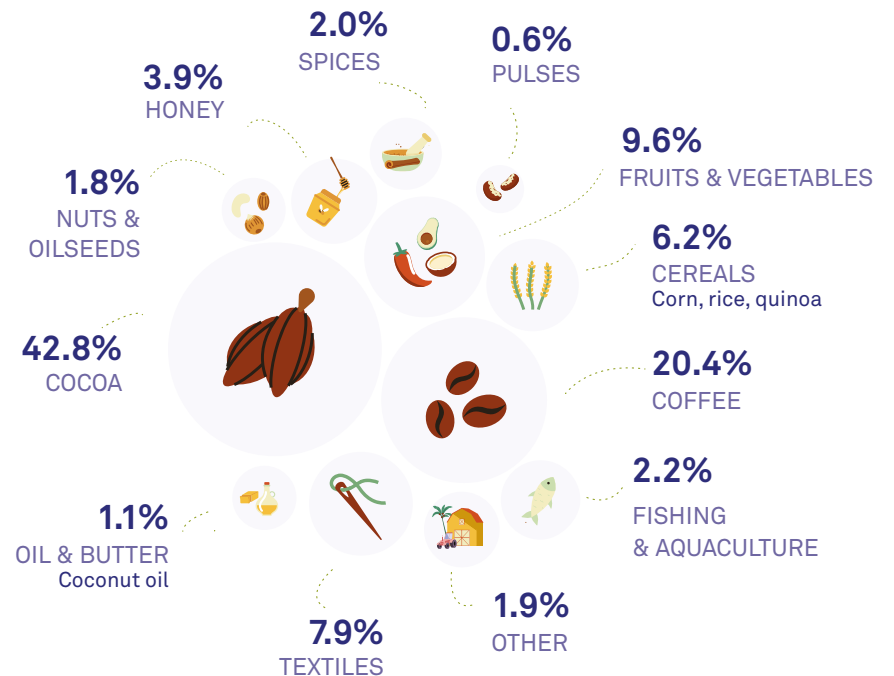
The agricultural sector continues to see **extremely volatile prices** on the international markets. Coffee and cocoa prices reached record highs in 2024, due to significant shortfalls in supply in response to growing demand from consumer countries.

**Coffee** was hit hard by **unpredictable weather**, with droughts and storms having a major impact on the harvests of major producing countries such as Brazil and Vietnam.

**Cocoa** was also confronted by **structural difficulties**, caused by aging plantations in the two major producing countries, Côte d'Ivoire and Ghana, and climate change (heatwaves, erratic rainfall). In addition, there is **competition from other agricultural commodities that are more profitable for producers**. Smallholder cocoa farmers only receive a small proportion of the market value of their cocoa, whether prices are rising or not. Consequently, they are gradually switching to other products, particularly rubber and cashew nuts.

## OUTSTANDING PORTFOLIO BY PRODUCT TYPE

By the end of 2024, our outstanding investments in sustainable smallholder agriculture amounted to €44.6 million.

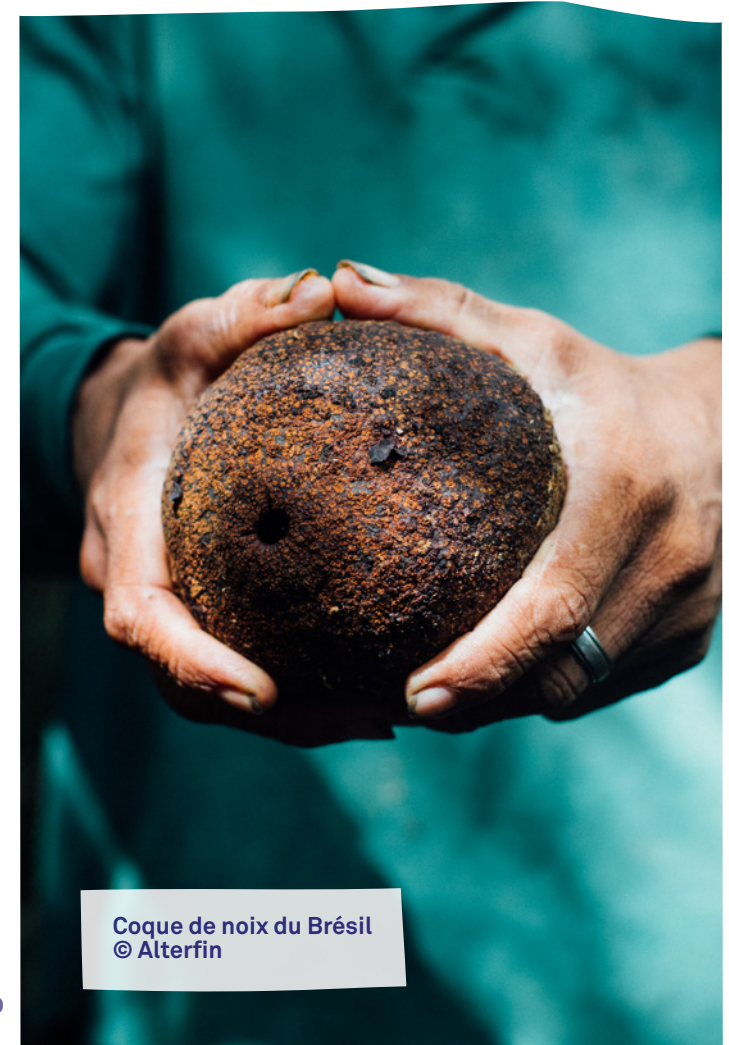
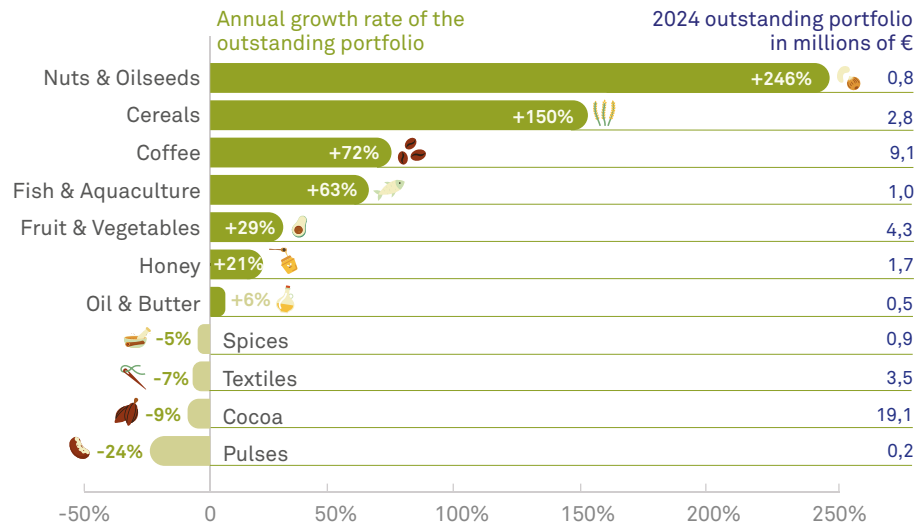


Nevertheless, co-operatives are paying more for their growers' harvests and, as a result, demand for financing in the cocoa and coffee sectors is increasing. With the addition of a new partner in Peru, this also led to an **increase of 72% in our outstanding investments in the coffee value chain** at the end of the year. In cocoa, our outstanding investments increased with several existing partners but remained stable overall, due to a partial early repayment by an Ivorian partner.

The **level of investment in other value chains supported by Alterfin also increased**, including in cereals, fruit and vegetables, honey, walnuts, and sustainable fishing. Two new partnerships made a significant contribution to the increase in our outstanding investments in agriculture: one in the fruit sector in Peru, and the other in the rice value chain in Senegal.

## EVOLUTION OF THE OUTSTANDING PORTFOLIO IN SUSTAINABLE SMALLHOLDER AGRICULTURE BY VALUE CHAIN

Cocoa and coffee remain the predominant value chains.



Coque de noix du Brésil  
© Alterfin

# Africa and Latin America, growth drivers

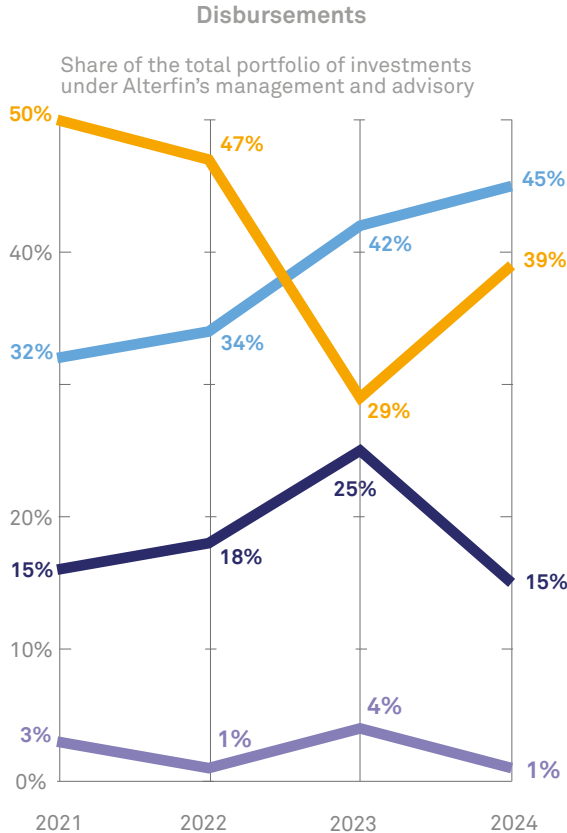
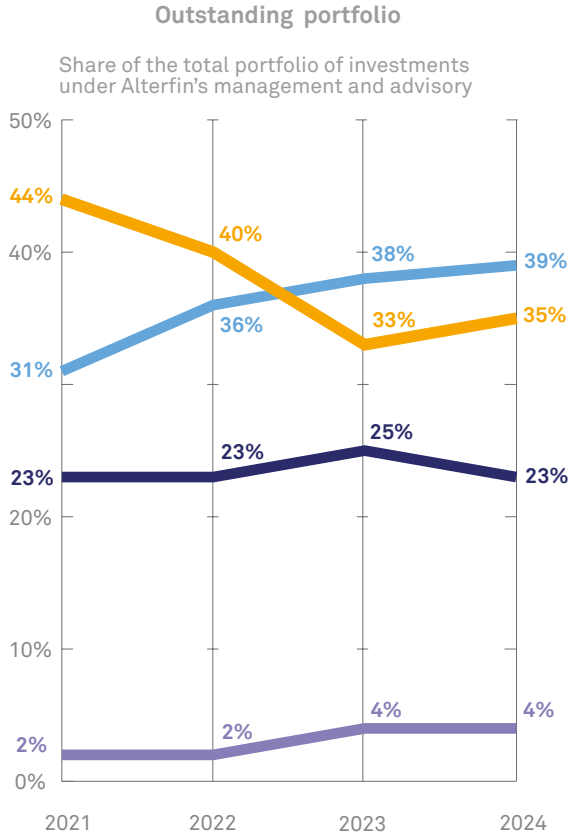
In terms of the geographic distribution of our total portfolio of investments under management and advisory, Africa and Latin America are still predominant. Investments in partners

located outside our main areas of activity and/or operating internationally make up a marginal share of the portfolio.

## EVOLUTION OF THE COMPOSITION OF THE TOTAL PORTFOLIO OF INVESTMENTS UNDER ALTERFIN'S MANAGEMENT AND ADVISORY BY REGION

Africa continues to account for the majority of our activities, because of the growth in the Fefisol fund.

- Latin America
- Africa
- Asia
- International





## AFRICA, ALTERFIN'S MOST ACTIVE CONTINENT

Africa's predominance can be explained by **Côte d'Ivoire's major role within the cocoa sector and the significant volume of investments under advisory** in the region via the Fefisol fund (see inset), the Symbiotics fund (€5.9 million, accounting for 63% of the fund's investments under Alterfin's advisory), and the BRS fund (€480,000).

In 2024, **seven new partnerships** were established on the continent: one with a rice-growing company in Senegal and six with microfinance institutions (MFIs). Four of these MFIs are part of the Vision Fund International network, with which Alterfin continues to develop its strategic partnership. Outstanding investments in Africa increased by 12% during the year and account for 50% of Alterfin's outstanding investments in agriculture.

### Côte d'Ivoire, the largest beneficiary of Alterfin's investments

Alterfin has operated in Côte d'Ivoire for more than 10 years and one of our investment manager is based there since 2023. We currently support one MFI and four agricultural co-operatives in the country.

The MFI provides **financial products and services for vulnerable populations living in rural and remote areas** in the north of the country. Most of its activities are focused on the **agricultural sector**, the leading provider of employment and income in the region. Loans provided by Alterfin, which was one of the institution's first international lenders,

enable it to increase its impact by offering its services to more micro-entrepreneurs.

The **four agricultural co-operatives** work primarily with smallholder cocoa producers and, to a lesser extent, **smallholder cashew nut, coffee and rubber producers**. By using Alterfin's credit lines, co-operatives can purchase raw materials from their members at harvest time. This means that small producers don't have to wait several months for their produce to be sold on international markets before receiving payment. In the meantime, they can pay for the cost of their children's education and their household's healthcare, while saving part of their income.

The agricultural organizations with which Alterfin works, both in Côte d'Ivoire and elsewhere, are **particularly focused on the social and environmental impact** of their activities. Fair-trade and other certifications provide growers with better prices and enable co-operatives to establish numerous development projects. Indeed, one of our partners is the first and only co-operative in the country to provide certified organic cocoa. All our partners have established reforestation and agroecology projects to minimize their environmental impact.

Through its investments under management and advisory, **Alterfin invests up to €16 million** in Côte d'Ivoire at the height of the cocoa season. In addition, we support our partners via **technical assistance projects** that strengthen their capacities. In total, we have five partnerships in the country that benefit more than 60,000 micro-entrepreneurs and smallholder farmers; all this is made possible by our co-op members.

## LATIN AMERICA: COFFEE IS FARING BETTER

In Latin America, our total portfolio of investments under management and advisory **increased by almost 14%**, primarily driven by the **coffee sector's strong performance**. Moreover, Alterfin established **five new partnerships** in the region, in the microfinance, coffee, honey and fruit sectors.

**Microfinance remains predominant:** it accounts for 69% of regional investments, mainly due to substantial investments in mature and large-scale microfinance institutions (MFIs) in Ecuador, Nicaragua, and Mexico. In addition, the continent receives 60% of BRS' investments under advisory and 30% of Symbiotics' investments under advisory.

### Peru, the country with the most partners

Peru was one of the first countries in which Alterfin began operating in the 1990s. Today, Peru is **home to ten active partners**: three MFIs, six agricultural partners, and one partner in the textile sector. The country has significant growth potential, largely because of persistent inequality in rural areas and the existence of a number of agricultural value chains.

The **three MFIs** are in different regions of the country, enabling Alterfin to increase its impact through both investment and technical assistance. One of the MFIs is a new partner that works primarily with women in rural areas; Alterfin became its first international lender in 2023.

Our **agricultural partners** are active in the **coffee, fruit and quinoa value chains**. They **all have certifications** and provide producers with training and services to gradually improve their quality of life. These certifications are important: to obtain them, smallholder farmers must develop sustainable agricultural practices, which help them to withstand increasingly unpredictable weather conditions. We saw this again during the recent El Niño episode, considered to be one of the most intense in the last 20 years.

Today, Alterfin's beneficiaries in Peru include more than **220,000 micro-entrepreneurs and smallholder farmers**, with total investments under management and advisory of **€8.56 million at the end of 2024**. These figures should increase in the short and medium term, thanks to the permanent presence of two of our investment managers in the country.

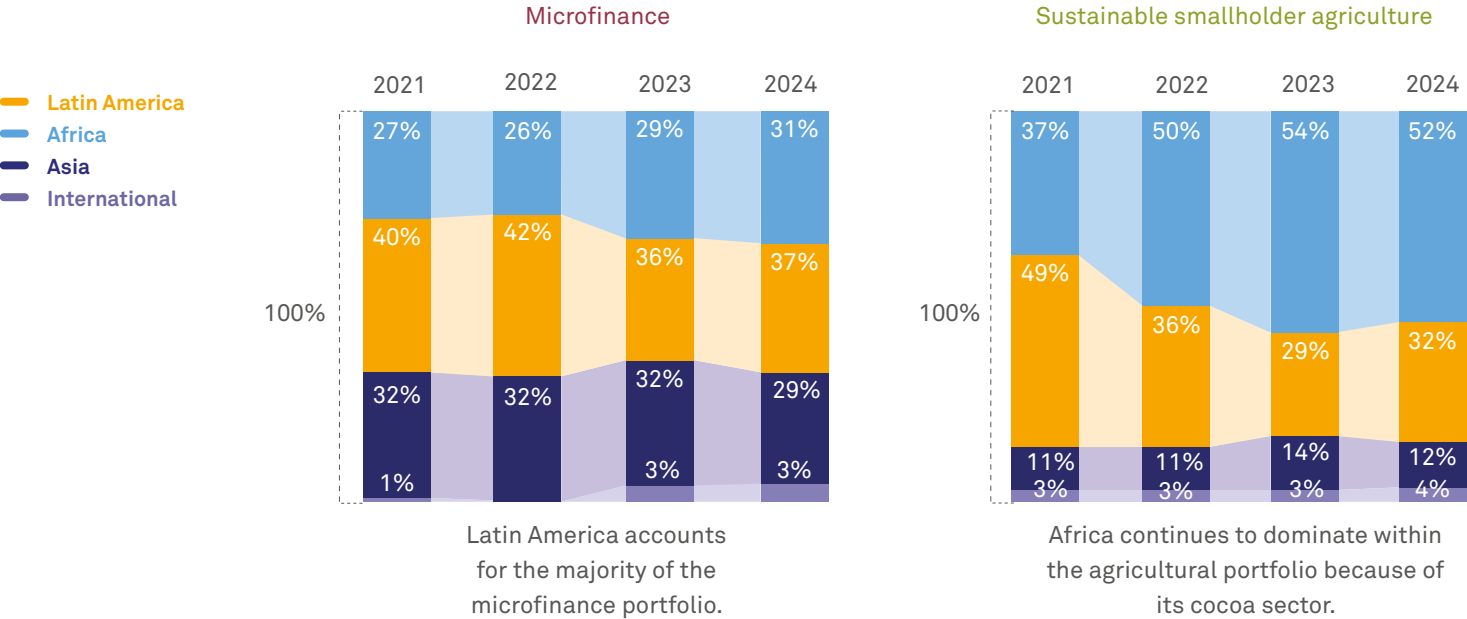


Client of Arariwa (MFI),  
Peru  
© Arariwa



Cocoa pod,  
Côte d'Ivoire

EVOLUTION OF THE REGIONAL DISTRIBUTION  
OF MICROFINANCE AND SUSTAINABLE AGRICULTURE





## ASIA: MFIS, A GROWTH DRIVER

Asia's level of outstanding investments remained stable overall, with a slight decrease of 4%. This is solely due to the **significant share of microfinance** (82% of outstanding investments in the region) and the repayment schedules for MFIs, which led to a high level of repayment during the year.

The **majority of the loans in question will be renewed in 2025**, which will see the Asian portfolio return to growth in the short term. In addition, **three new partnerships** were established in the region in 2024, in the Philippines and Uzbekistan. Although they account for a minority of our portfolio on the continent, agricultural activities have seen a slight increase in outstanding investments, notably thanks to Symbiotics (€720,000 at the end of 2024).



Potato producer,  
Uzbekistan  
© Alterfin

### Kyrgyzstan, the cornerstone of our expansion in Central Asia

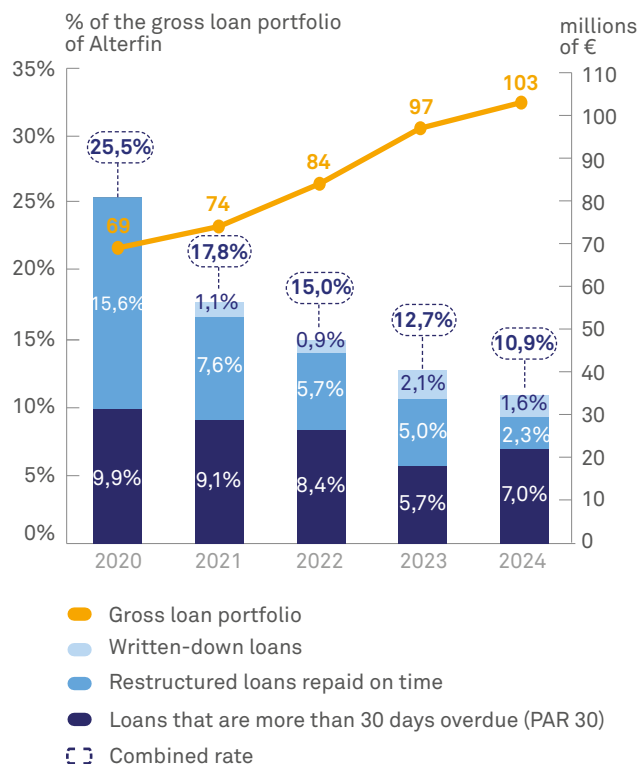
Since 2017, Alterfin has expanded its investments to Central Asia, using Kyrgyzstan as a base from which to launch its operations in the region. In addition to its ideal location for the development of our activities in nearby countries, Kyrgyzstan has a fast-growing microfinance sector. **Financial inclusion remains limited**, particularly in rural areas, where more than 70% of the population lives.

The presence of an investment manager in the country enabled Alterfin to **establish five partnerships with local MFIs**. This amounted to total investments under management and advisory of **€7.1 million and almost 100,000 final beneficiaries** in December 2024. Our partners in Kyrgyzstan carry out 65% of their activities in rural areas, reflecting the needs of local residents and Alterfin's mission.

More information about our activities in Kyrgyzstan is available in this annual report in the section "Our impact". Our presence in the region has also allowed us to identify **new partnerships in Tajikistan and Uzbekistan**, and we will be looking to identify other opportunities in neighboring countries in the near future.

## QUALITY OF THE GROSS LOAN PORTFOLIO OF ALTERFIN

The combined rate of loans overdue by more than 30 days, restructured loans repaid on time, and written-down loans improved in comparison to 2023.



## A slight improvement in the quality of Alterfin's loan portfolio

*This section focuses solely on the quality of Alterfin's gross loan portfolio, given that Alterfin bears the credit risk for these loans, unlike its investments under advisory. What's more, Alterfin's financial fixed assets are also excluded from these calculations, given that they are not subject to a repayment schedule.*

As the main quality indicator for Alterfin's gross loan portfolio, the **combined rate of loans in default for more than 30 days, restructured loans, and loans written off reached 10.9% of the loan portfolio at the end of 2024; this is a significant improvement on the rate of 12.7% at the end of 2023**. In a particularly uncertain environment, this result shows that Alterfin has succeeded in maintaining the quality of its loan portfolio under management. Even more encouragingly, the **ratio has improved consistently since 2020**, while Alterfin's gross loan portfolio grew by an annual average of 10.8% during the same period. The development of each component of this combined rate is detailed in the following paragraphs.

Firstly, Alterfin's rate of overdue loans worsened slightly in 2024: **loans overdue by more than 30 days account for 7% of the outstanding investments of Alterfin's gross loan portfolio**, in comparison to 5.7% at the end of 2023. This includes 15 partners, 11 of whom have been in default for several years. Various recovery measures are being implemented to recover all or part of the investments in question.

The most recent cases of loans in default involve agricultural partners impacted by climatic events and/or negative market fluctuations; the repercussions of these events are often

exacerbated by poor internal management. In microfinance, a Cambodian partner defaulted in 2024 because of poor operational performance, partly due to the local market's excessive indebtedness.

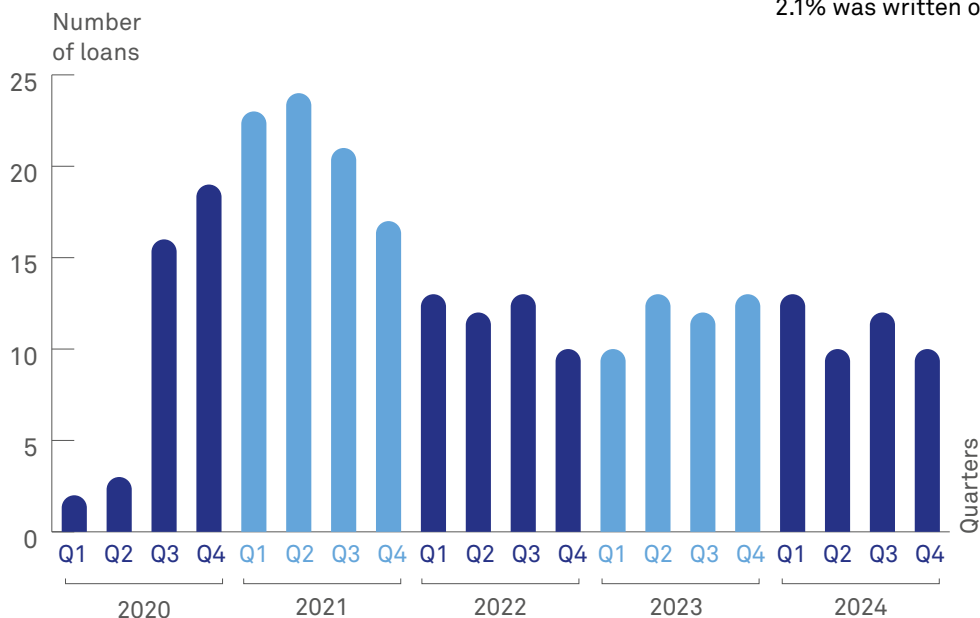
**Ten partners currently have a restructured loan**; this means that Alterfin has modified and extended the repayment schedules and deadlines for the investments in question. Most of these restructurings, which only account for 2.3% of the outstanding investments of Alterfin's gross loan portfolio (compared to 5% at the end of 2023), are related to a **decline in the operating and financial performance** of the partners concerned.

There are several reasons for this decline:

- Global market changes, including fluctuating prices and demand, that are affecting the walnut sector in Bolivia and the coffee sector in Chile;
- Natural disasters, such as periods of drought in Kenya and Tunisia;
- A difficult economic situation, as in Argentina;
- Poor operational management by some partners;
- The negative impact of the COVID-19 pandemic in two specific cases; all other cases relating to the pandemic are now resolved.

Lastly, **1.6% of Alterfin's gross loan portfolio was written off during the year**, which means that the relevant investments are deemed to be unrecoverable and have therefore been removed from our portfolio. This, too, is an improvement compared to the situation in 2023, when 2.1% was written off.

## TOTAL NUMBER OF RESTRUCTURED LOANS



The number of restructured loans has fallen and accounts for a smaller share of outstanding investments.



To anticipate these losses, Alterfin applies write-downs to all loans in default, based on factors including the time elapsed and the probability of repayment. After these adjustments, Alterfin obtains its **net loan portfolio of write-downs, which amounted to €99.3 million at the end of 2024**. This calculation of the portfolio's net value gives a more accurate idea of the financial reality.

Once the value of the net loan portfolio is established, we can also develop a more detailed view of its quality, by calculating a combined rate of loans in default and restructured loans, illustrating the residual risk once write-downs have been made. In 2024, this gives a **combined rate of loans in default for more than 30 days and restructured loans of 5.5% of the net loan portfolio of write-downs at the end of 2024**. This is a **clear improvement** on the rate of 6.9% at the end of 2023, confirming Alterfin's ability to manage the quality of its portfolio.

MFI client, Rwanda

© Alterfin



# 8 Our impact

Alterfin's mission is to **improve the livelihoods and living conditions of socially and economically disadvantaged people and communities**. We work predominantly in rural areas in low- and middle-income countries around the world.

We accomplish this mission by supporting microfinance institutions (MFIs) and sustainable farming businesses. MFIs serve a population that have little to no access to banking services, while sustainable farming businesses work with smallholder farmers in remote areas.

In this section, you will read about:

- **Our impact in figures.** We collect data and analyze our impact by focusing on the four key aspects on which our work is based;
- **Case studies** that take a closer look at the impact on our partners and their beneficiaries.

## Our impact in figures

To measure our impact, we carry out an annual assessment with our partners. This is vital for measuring their progress throughout our investment process. It also enables us to assess whether our **approach is sufficiently targeted and effective** with regard to our mission to alleviate poverty.

To collect data from our partners, we have developed an **environmental and social assessment tool**. We then analyze the collected data, based on the four key aspects of our work:

1. Financial inclusion
2. Market access
3. Support for rural businesses
4. Protecting the planet

These key aspects provide **clear objectives**, linked to our overall mission to alleviate poverty. In addition to these four key aspects, **gender equality** is an **overarching objective** (see page 40).

In addition to our own assessment, we also comply with the European regulation on sustainability-related disclosure in the financial services sector<sup>1</sup>. As this regulation recommends, we regularly publish information on the integration of sustainability considerations into our investment processes: our methodologies, our performance indicators, and our progress on environmental and social issues. Read more in the latest periodical publication in appendix 2, page 67.

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<sup>1</sup> [www.finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector\\_en](https://www.finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en)

Employees of partner  
Bailyk Finance (MFI),  
Kyrgyzstan  
© Alterfin



## Gender equality: an overarching objective



Representation of women  
at our partners:

<b>Women in leadership roles</b>	<b>567</b>
Management	35%
Board of directors	27%
<b>Number of female employees</b>	<b>12,247</b>
Permanent contracts	40%
Temporary contracts	55%
<b>Share of female beneficiaries</b>	<b>77%</b>

Alterfin recognizes the **key role women play in reducing poverty**; this is why we put such an emphasis on gender equality.

With our **gender-focused investment strategy**, we aim to support women-led and women-focused organizations. Our investments reflect this commitment: among our partners, around half of all positions are held by women and they are well represented at the most senior levels.

Together, they are having an impact on the living conditions of **more than 3.7 million women**, accounting for 77% of the beneficiaries of our investments.



## THE FOUR KEY PILLARS THAT DETERMINE OUR IMPACT

### ) Pillar 1 Financial inclusion



More than a **third of the world's population**, mostly made up of women and people living in rural areas, doesn't have access to banking services. Financial inclusion plays a vital role in the **development** of vulnerable populations, their **resilience**, and their **financial security**. How do we respond to this challenge? By investing in microfinance institutions (MFIs), 68% of which are in middle- or low-income countries. Together, they employ 22,000 people. We focus on **rural populations and farming loans** to create jobs in vulnerable communities, thereby improving their financial security and resilience.

Overall, the portfolio of these MFIs is distributed as follows:

- 65% of the end beneficiaries are in **rural areas**, whereas 35% are in urban areas.
- 20% of the loans specifically **focused on agriculture** reaching 608,277 smallholder farmers.
- 57% goes toward loans for (micro-)enterprises to **support income-generating activities**.
- The rest is used to finance the target population's **various needs** (housing, education, food, etc.).

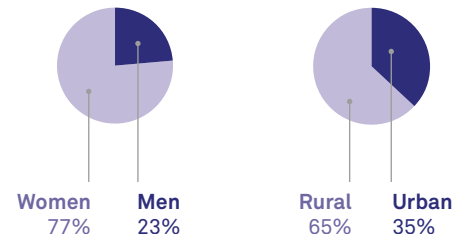
### 4.8 million clients

Working with our MFI partners, we help more than 4.8 million people access financial services, **77% of whom are women** (1% more than last year).

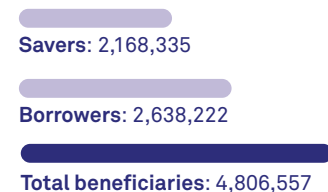
More than 65% of clients come from **rural communities**, home to most of the world's vulnerable populations. The remaining 35% come from vulnerable urban populations.

More than 2 million clients have access to **savings products**. In addition, 63% of our partners offer **insurance products** and 67% offer **emergency loans**. Access to these financial products helps clients cope with unexpected expenses and economic setbacks.

### THE PROFILE OF MFI END BENEFICIARIES



### TOTAL MFI BENEFICIARIES



## **Pillar 2** Market access

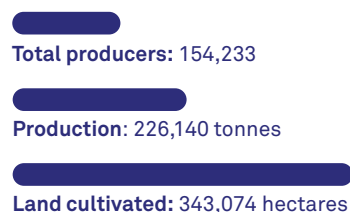


In rural areas, **more than half a billion farming families** live on **farms of less than two hectares**. Many have little to no market access to be able to sell their produce. This access is vital to improve their income and living conditions. This leads to a deeply unfair situation: while smallholder farmers produce a third of the world's food, they struggle to feed their own families.

At Alterfin, we support these smallholder farmers, 19% of whom are women. With our support, our partners in sustainable family-run agriculture are providing **market access for more than 154,000 small farms** (three hectares, on average).

Together, they represent over 340,000 cultivated hectares and agricultural production of more than 220,000 tons.

### **MARKET ACCESS CREATED**



### Bonuses for certified production

Alterfin encourages **fairtrade and/or certified organic production**. This certification guarantees sustainable social and environmental practices. In addition, certified farmers also receive premiums.

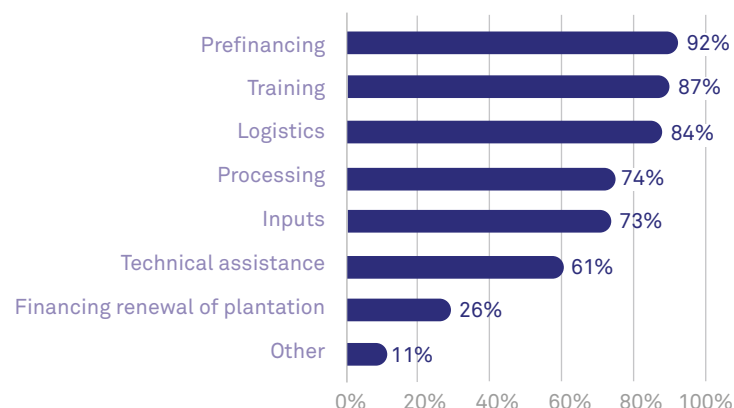
In 2024, more than **\$8.7 million was paid in premiums** to these smallholder farmers for their certified production. This is less than last year, because global demand for certified produce fell in 2024; consequently, producers sold lower volumes.

Despite this downturn, we continue to support certified produce. The income it provides is either paid **directly to farmers** or used for **community-wide initiatives**, such as agricultural training, improvements to infrastructure in the village, and the construction of schools and healthcare facilities. In addition to the financial benefits they provide, these premiumss help break the spiral of poverty in rural communities

### Long-term relationships

Our partners develop long-term relationships with the farmers whose produce they buy. This also ensures that they **understand the needs** of smallholder farmers better than anyone else. Consequently, they are best placed to provide financial assistance, along with technical expertise and other forms of support. The result? **Larger volumes and better-quality produce** and therefore more sustainable income.

## SERVICES & ASSISTANCE PROVIDED BY OUR PARTNERS



### **) Pillar 3** Support for rural businesses

Agricultural SMEs create jobs and **new economic opportunities for rural populations**. They play a **crucial role in the development** of these communities.

Yet they face a **funding gap of more than \$250 billion**. These small businesses need loans that are too substantial for microfinance institutions but are too small for commercial lenders. They are often also **considered to be 'high-risk'** because of their small size and sector.

To provide these SMEs with growth opportunities, we are the **first investor** for 42% of our partners in sustainable agriculture. This is slightly lower than in 2023 (when the figure was 50%) for two reasons: fluctuations in Alterfin's portfolio and the arrival of new partners for whom we are not the first investor.

Together, our partners in sustainable agriculture employ **more than 6,500 people** worldwide, 35% of whom are women. This is more than in 2023, but less than the peak of 7,000 people in 2022. Last year, agricultural SMEs accounted for an unusually large share of our portfolio.

But farmers are and will remain one of our priority targets, because they represent a large proportion of the world's poor. That's where our greatest potential for impact lies.

### Loan guarantees

Alterfin chooses to work with partners that can have a significant social and environmental impact, even if their financial and/or operational performance may sometimes need improvement. The risks associated with providing such loans are reduced through several **guarantee mechanisms**.

In 2024, these guarantees were financed primarily by four entities (for more information on our partners, see Chapter 6: "Partnerships and Networks" on page 16):

- The **Alterfin Guarantee Fund** provided seven partners with guarantees of nearly €800,000.
- **ACELI** provided guarantees of more than €25,000 for twelve partners.
- **FOGAL** contributed more than €158,000 in guarantees to two partners in Peru and Bolivia.
- For the first time in 2024, Alterfin received support from the **USDFC** (United States Development Finance Corporation) and its Guarantee Program, which will cover loans totaling USD 20 million over a 10-year period. In 2024, an initial guarantee of USD 375,000 was provided to support two partners.



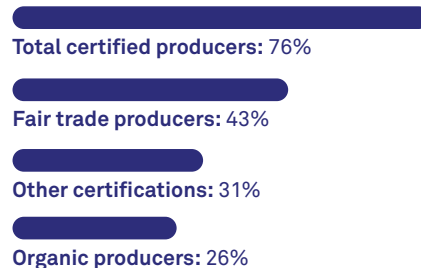
## ) Pillar 4 Protecting the planet



The final key pillar centers on protecting the planet and tackling climate change. Improving the livelihoods of poor people is closely linked to the health of our planet.

Smallholder farmers are already suffering the adverse effects of climate change and environmental damage. Higher temperatures and extreme weather events **affect their crop yields and their food security**. Earning a stable and predictable income is becoming increasingly difficult.

### SUSTAINABLE PRODUCERS



### [76% certified producers](#)

Alterfin strongly supports sustainable agricultural practices to be able to facilitate a **global transition to sustainable food production** that protects ecosystems and manages land, water, and natural resources sustainably, all while increasing the resilience of smallholder farmers.

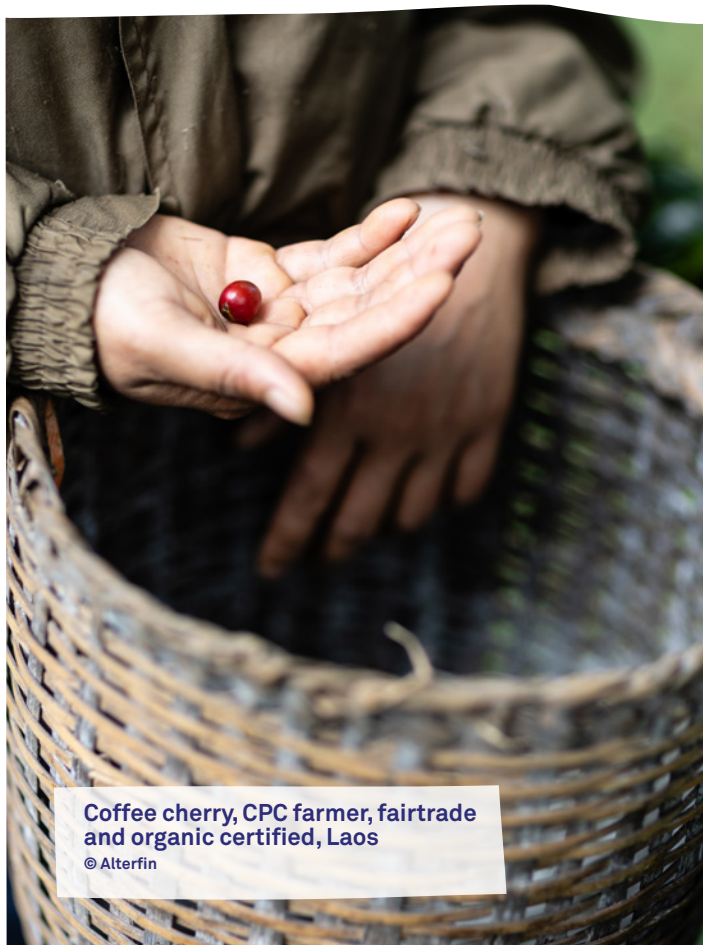
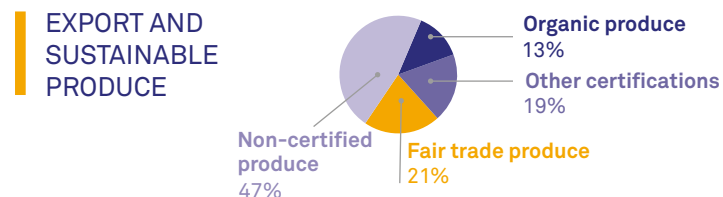
Working with our partners in sustainable agriculture, we support **more than 150,000 farmers**. Alterfin analyzes their agricultural practices via its social and environmental risk assessment tool, which considers soil, waste, and water management, biodiversity preservation, responsible use of agrochemicals, and climate risk management.

In addition to our assessment tool, the best way to ensure good practices is through certification. Today, **76% of the farmers with whom we work have certification**, 5% more than in 2023. This includes fair-trade certification, organic certification, or both (such as Rainforest Alliance and Good Agricultural Practices). All these certifications involve sustainable agricultural practices and environmental protection.

Why aren't all the farmers that Alterfin supports certified? Because the process to obtain these **certifications entails costs** that some farmers cannot afford. Moreover, farmers are not always sure that they will be able to recoup their investment. Certification does not guarantee that they will be able to sell all their produce under the certified label and benefit from higher prices.

That's exactly what happened in 2024: because of a **drop in global demand for certified products**, as mentioned above, the volume of produce sold under certified labels fell by 5% in 2024.

This also partly explains the difference between the proportion of certified farmers and the proportion of export products that are certified:



Coffee cherry, CPC farmer, fairtrade and organic certified, Laos

© Alterfin

## The importance of technical assistance projects

One of our key goals is to provide our partners with tailored support. In addition to their financial needs, they also need technical support. That's why Alterfin co-finances technical assistance projects. To do this, we work with our partners to identify their needs and help them find the right solutions to improve their capacity and performance. This is a **key part of our activities** because enhancing our partners' capacities and skills increases their positive impact on the final beneficiaries.

This assistance is made possible by funds provided by:

- The **Alterfin Guarantee Fund**, an independent organization that was founded in 2000 and is financed by donations from individuals and institutions;
- **BIO** (The Belgian Investment Company);
- **SSNUP** (Smallholder Safety Net Upscaling Program).

In 2024, **26 partners** benefited from technical assistance projects (28 projects in total, 16 of which have been completed and 12 are ongoing), for a total amount of **€983,000**.

Technical assistance projects meet a **very wide range of needs**, from improving internal management to strengthening market positioning. Currently, microfinance institutions account for 17 of these technical assistance projects, while agricultural co-operatives and SMEs account for 11 technical assistance projects.

## RENESANS

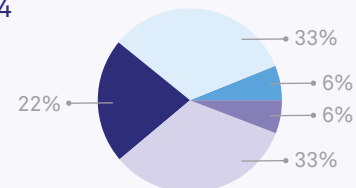
Microfinance institution,  
Uzbekistan, partner since 2023

Renesans did not have any formal objectives or any monitoring and reporting procedures. Similarly, it did not have a social performance management framework, although it had relevant indicators at its disposal (including the percentage of women impacted, the percentage of borrowers in rural areas, and the average loan amount).

**« The technical assistance project enabled us to introduce new social performance management systems and make decisions more efficiently. »**

Mirlaziz Umarov, CEO

### DISTRIBUTION OF TECHNICAL ASSISTANCE PROJECTS IN MICROFINANCE, IMPLEMENTED IN 2024



- Capacity building
- Social and environmental performance & management
- Operations
- Organization & systems
- Business strategy & commercial strategy

## KENTASTE

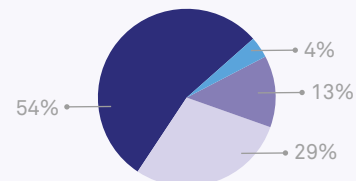
Agricultural organization, Kenya,  
partner since 2017

Kentaste is Kenya's only major producer of coconuts, most of which are exported. In the long term, the company intends to grow its business locally. The aim of the project is to test new coconut-based products that could appeal to the local population, consequently boosting demand for coconuts and having a positive impact on the local economy.

**« The technical assistance project has helped us mobilize resources to invest in the launch of an innovative new product for the local market. »**

Kyle Denning, Managing Director

### DISTRIBUTION OF TECHNICAL ASSISTANCE PROJECTS IN AGRICULTURE, IMPLEMENTED IN 2024



- Operations
- Organization & Systems
- Business strategy & commercial strategy
- Institutional dynamics

## Study: what impact do we have in Central Asia?

Every year, in addition to collecting data from all our partners, we conduct a more **in-depth post-investment impact study** with a number of our partners. We have developed a special strategy for this, which guides our methodology. Through this impact study, we explore our impact on our partners and their beneficiaries.

When it comes to our partners, we have a direct impact on them through our financial and technical support. To measure our impact on them, we carry out an annual additionality study. The primary objective is to assess Alterfin's added value as an impact investor for the partners, if any. In 2024, we conducted an **additionality study with 4 partners in Central Asia**.

In turn, our partners have a direct impact on their beneficiaries (on whom Alterfin therefore has an indirect impact). Before starting a partnership, we assess the impact potential of each partner on their beneficiaries. Once the partnership is established, we check to see whether we have **genuinely achieved the desired impact by means of an impact study**. In 2024, we conducted this study with two partners: Bailyk Finance and Frontera. You will find the results below in "Impact studies: Bailyk Finance & Frontera" on page 51.

## ASSESSING FOUR PARTNERS' ADDITIONALITY

As part of our additionality study, we checked whether our investment met three criteria:

- **Pioneer:** are we the first investor for a partner, bridging critical financing gaps that hinder the partner's growth and development?
- **Catalyst:** do our investments inspire the confidence and interest among other lenders, donors, and buyers, thereby enabling the partner to access new sources of financing and pursue its development and growth?
- **Partner-Centric:** do our loans meet our partners' specific needs and objectives so that they can serve their beneficiaries as best as possible?

Our additionality studies help us better understand our partners' experiences, with the ultimate aim of further enhancing our added value to our partners. The resulting information will shape our strategies in Central Asia and across our entire portfolio.

This year, we conducted this study with four partner microfinance institutions in Kyrgyzstan (see the next two pages). The information gathered will **shape our strategies in Central Asia** and even for our entire portfolio.



## AMANAT CREDIT

Partner since 2023

Green loans, training programs and, coming soon,  
specific loans and training programs  
for female entrepreneurs



10,233 beneficiaries  
55% women, 26% farming clients

**Pioneer** > Alterfin became the organization's second international lender at a time when Amanat Credit was struggling to obtain financing.

**Catalyst** > After Alterfin, three other international lending institutions also provided loans. These funds enabled the MFI to expand and develop its offerings.

**Partner-Centric** > Amanat appreciates the flexibility of loans without guarantees and the 36-month loan term.

*« In addition to meeting an urgent need, Alterfin's loan boosted our credibility, which attracted other international and local lenders. Alterfin also provided technical assistance for social performance, helping us improve our business and increase our impact on clients, in line with our mission. »*

Omurzakova Gulzara Makeshovna,  
Executive Director of Amanat Credit

## ELET CAPITAL

Partner since 2017

Green loans and farming loans



24,540 beneficiaries  
49% women, 22% farming clients

**Pioneer** > Alterfin began supporting this MFI at a time when it depended on local lending institutions for 30% of its financing. However, these lenders imposed strict requirements in terms of guarantees and loan ceilings were quickly reached.

**Catalyst** > Alterfin's involvement contributed to Elet Capital's growth: its loan portfolio has tripled since 2017. Alterfin's support bolstered the confidence of international lenders; just two supported Elet in 2017, compared to about ten today. This MFI now has a more diversified source of financing, ensuring more stability.

**Partner-Centric** > Elet appreciates Alterfin's loan conditions, including the 36-month loan term (the longest of its current lenders) and tailored repayment schedules that reflect the organization's changing cash flow.

*« Thanks to Alterfin's financing, we can offer loan products tailored to the needs of disadvantaged populations in rural areas. Alterfin is a responsive partner that has understood our challenges and supported us in our efforts to achieve sustainable growth. »*

Ernest Kamchybekov,  
Managing Director of Elet Capital

## OXUS MICROFINANCE

Partner since 2017

Green loans and farming loans, training programs and, coming soon, specific loans and training programs for female entrepreneurs



10,918 beneficiaries

56% women, 26% farming clients

**Pioneer** > Alterfin was one of Oxus' first lenders. Alterfin intervened at a time when Oxus was struggling to obtain new financing because of local lenders' strict requirements.

**Catalyst** > Alterfin's presence has helped strengthen the MFI's credibility; it has since attracted three new lenders. Without this, Oxus' growth would have been hampered and it would have been overly dependent on one of its shareholders, an NGO.

**Partner-Centric** > Alterfin's loan has been structured to meet Oxus' needs; the MFI is particularly appreciative of Alterfin's disbursements in installments. Overall, Alterfin's loan conditions are considered to be fair.

*« Thanks to Alterfin, we have benefited from flexible loan conditions tailored to our needs, including a phased loan structure and no guarantee requirements. Alterfin's transparent pricing and clear communication have fostered a strong relationship. This has allowed us to focus on our growth: our portfolio has increased by a factor of 2.5 and we have been able to expand into new regions to support even more under-served farmers. »*

Denis Khomyakov,  
Managing Director of Oxus Microfinance

## BAILYK FINANCE

Partner since 2017

Green loans and farming loans, training program on energy efficiency for the private sector



51,491 beneficiaries

59% women, 40% farming clients

**Pioneer** > In 2017, Alterfin became the first international lender to support Bailyk. The MFI struggled to obtain financing because of requirements regarding guarantees and its limited equity.

**Catalyst** > Since partnering with Alterfin, Bailyk has attracted more than 15 international lenders, improved its financial structure, and increased its social impact. Since then, the MFI has grown significantly from 16 to 50 branches and from 8,700 to nearly 52,000 beneficiaries between 2017 and 2024.

**Partner-Centric** > Bailyk Finance appreciates the partnership for its tailored loan conditions, including a well-structured repayment schedule, competitive pricing, and one of the longest loan terms among its lenders. The MFI also appreciates Alterfin's responsive and collaborative approach.

*« Alterfin has given us access to a network of global investors. Thanks to flexible loan conditions, we can adapt our financing to our financial cycles, thereby ensuring the long-term sustainability of our activities. Beyond the financing it provides, Alterfin's commitment to ESG and technical assistance has helped us grow responsibly, improve the inclusion of women, and develop green financial products. We look forward to building on our partnership so that we can reach other disadvantaged communities. »*

Chinara Moldazhanova,  
CEO of Bailyk Finance

## Impact studies: Bailyk Finance & Frontera

In 2024, we conducted impact studies with two of our partners. The first was Bailyk Finance, a microfinance institution in Kyrgyzstan. The second was Frontera, a coffee-growing co-operative in Peru.

These impact studies serve two purposes:

- Firstly, they measure the partner's impact on its **beneficiaries' economic, social, and household wellbeing**.
- Secondly, they assess the partner's longer-term impact on its **beneficiaries' economic resilience**.

Both aspects are important, because **eradicating poverty is both a short- and long-term challenge**. Beneficiaries' personal accounts of their recent experiences shed light on their most recent accounts. In addition, respondents' long-term impressions help assess whether their situation has improved in the long run, and whether solutions are available to them in the event of a financial setback.

### IMPACT STUDY METHODOLOGY

To carry out these impact studies, we use the **SenseMaker methodology**. What sets this approach apart is that it makes use of both quantitative and qualitative data in the form of personal accounts from farmers and MFI beneficiaries.

During the first phase, we compile **personal stories** through open-ended questions, essentially providing them with a blank slate to share the impact as they experienced it. Doing this ensures there is no influence on the responses we receive. This allows us to gather information on a wide range of topics.



In practice, we ask respondents to tell us about an experience they have had with the partner over the past year. We then ask them to identify an emotion and a theme in relation to this experience. Through these individual accounts, we can identify trends that help us understand the partner's impact on their business activities and, at the household level.

The second phase involves presenting participants with a more traditional **multiple-choice questionnaire**. This assesses beneficiaries' relationships with Alterfin's partner, the economic improvements experienced by these beneficiaries, and the well-being of their families.

## BAILYK FINANCE: A KEY PARTNER FOR DEVELOPING BUSINESSES AND IMPROVING HOUSING CONDITIONS

### > Introduction: microfinance in Kyrgyzstan

In Kyrgyzstan, a **third of the population lives below the poverty line**. Rural areas are the most vulnerable, particularly because people there have limited access to infrastructure, markets, and financial services.

Microfinance institutions (MFIs) play a key role in addressing this issue. They provide **loans, savings accounts, and insurance products** to underserved communities.

This financing enables their clients to **start or grow a small business, send their children to school, and, more generally, improve their quality of life**. Microfinance is particularly advantageous for women and as a result for the entire household since women are more likely to spend on the education, health and nutrition needs of the family.

Microfinance is growing in Kyrgyzstan, supported by local legislation. The sector hopes to further develop its activities with the help of digitalization. But there is a downside: **interest rates remain high and excessive debt is a reality**. Is Bailyk Finance, Alterfin's partner, able to lend responsibly and create impact? In other words, does it provide loans that really help clients, with clear and reasonable conditions? That's what this impact study attempts to establish.

### > What does Bailyk Finance do?

Founded in 2011, Bailyk Finance is one of Kyrgyzstan's major microfinance institutions. **84% of its clients live in rural areas**, with the rest in small urban towns. The MFI provides loan products tailored to the needs of low-income individuals and small businesses.

In addition, Bailyk promotes financial education, female empowerment, and sustainable development through targeted initiatives. In 2017, Alterfin became its first international lender (see "Assessing four partners' additionality" above, page 47). Since then, the MFI has grown substantially. Today, it has 50 branches and serves more than 50,000 beneficiaries.

### > 88% of clients have a better quality of life

The impact study included **180 clients**, 139 of which were men and 41 were women. Their loans from Bailyk amounted to an average of USD 719.

For the first part of the study, we listened to **clients' personal accounts**. During these interviews, 88% of respondents said that the loans have improved their quality of life:

- 40% have improved their housing conditions (new accommodation or renovations).
- 40% have developed their activity/business, increasing their income and financial stability.
- 10% have bought essential household appliances.
- 5% have used loans to finance their children's education.
- 5% have improved their quality of life by making other purchases.



Then, using **multiple-choice questionnaires**, we analyzed **beneficiaries' perceptions of their relationship with Bailyk Finance**. The results reveal a very positive attitude:

- 74% of beneficiaries said that loans from Bailyk Finance meet their needs perfectly.
- More than 70% said that they prefer Bailyk Finance to other MFIs, because they trust it and believe that its products are suited to their needs.
- 85% of respondents would recommend Bailyk.

### > Economic impact

Respondents said that Bailyk implements **responsible financial practices** that inspire confidence.

- 81% said that its loan conditions are clear;
- For 73%, loan repayment is not a cause for concern.

93% of clients state that their **economic situation has genuinely improved** because of Bailyk's loans, and 72% say that they prefer Bailyk to other MFIs.

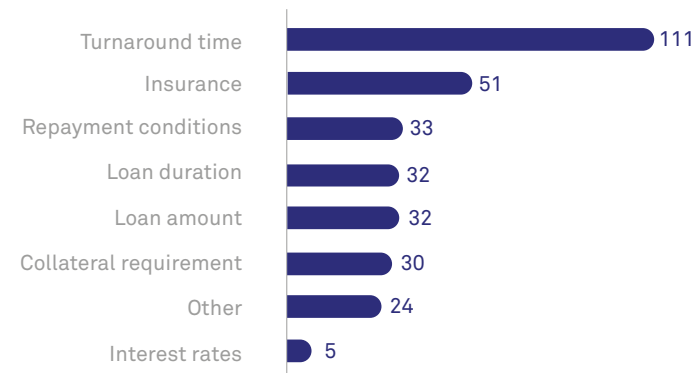
#### EVOLUTION IN THE ECONOMIC SITUATION OF BAILYK'S BENEFICIARIES



Clients also appreciate the multi-faceted nature of loans provided by Bailyk Finance: that **contribute to both immediate financial needs and long-term financial stability**. It is interesting to note that 50% of loans provided by Bailyk are used for long-term objectives.

Lastly, what aspects of Bailyk's services are most popular with its clients? The answers were varied: the most popular aspect is **Bailyk's loan turnaround times**, followed by its outstanding balance insurance, repayment terms, loan amount and duration, and guarantee criteria.

#### SERVICES AND SUPPORT OFFERED BY BAILYK FINANCE

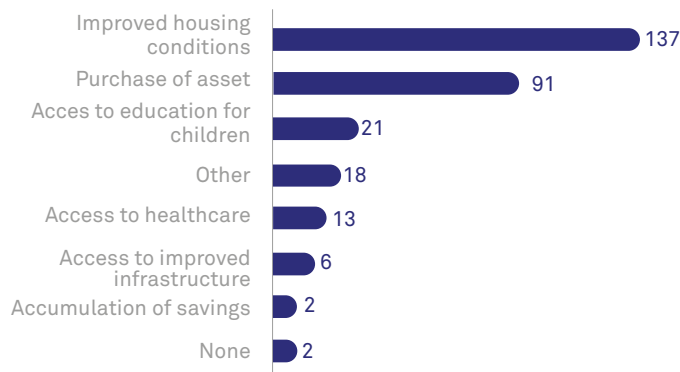


### > Impact on family level

**Bailyk's clients feel the impact of its loans most when it comes to their families:** 47% have improved their housing conditions, 31% have purchased goods, and 7% have invested in their children's education.

In addition, 63% of respondents said that they would ask Bailyk for a loan in the event of an emergency before considering other solutions, such as selling their possessions (12%) or using their savings (9%). Bailyk Finance therefore plays a **vital role in reducing the vulnerability of beneficiaries' households**.

### IMPROVEMENTS AT FAMILY LEVEL



### > Conclusion

The study confirms that Bailyk Finance is a key player in the microfinance sector in Kyrgyzstan. The MFI helps **strengthen local communities** by providing its clients with **responsible and suitable financial solutions**.

These clients' personal accounts suggest that Bailyk has really helped improve their livelihoods. In particular, they highlighted the **improvement in their housing conditions** and the **development of their businesses**. Bailyk Finance also contributes to borrowers' **financial stability** by establishing itself as a reliable partner in the event of financial problems.

Last but not least, more than 80% of clients said that the loan conditions are clear, which isn't always the case when it comes to borrowing money. By leveraging all these strengths and continuing to improve, Bailyk Finance is ideally placed to maintain and enhance its positive impact on poor and low-income households in Kyrgyzstan.





## FRONTERA: GOING IN THE RIGHT DIRECTION, DESPITE MARKET UNCERTAINTIES

### > Introduction: specialty coffee in Peru

Over the last 20 years, Peru has enjoyed significant economic growth. But socio-economic disparities persist, particularly in rural areas.

The **coffee industry plays a vital role** in Peru's rural economy, because it is a **major source of income** for smallholder farmers and indigenous communities. The sector has seen significant growth in recent decades, driven by the development of **specialty and/or certified coffee**. These products, which are sold at a better price, have enabled farmers to improve their daily lives, invest in sustainable practices, and enhance their resilience to climate change.

**Co-operatives and farming associations** have played a crucial role, strengthening coffee growers' collective bargaining power and supporting the development of rural communities.

This impact study focuses on one of them: Cooperativa Agraria Frontera San Ignacio Ltd. (Frontera).

### > What does Frontera do?

Founded in 1968, Frontera now has **420 members**, 21% of whom are women. The co-operative has a democratic system of governance. It negotiates with buyers to obtain fair prices, cutting out intermediaries.

In a favorable microclimate, members grow high-quality, **organic, and fair-trade coffee**, amounting to 3,500 to 4,000 tons annually. Frontera provides technical assistance, training, pre-financing and support with certification procedures.

Alterfin has been a **partner of Frontera since 2006**, when it provided the co-operative with its first international loan. Between 2006 and January 2023, Alterfin provided the co-operative with 18 loans of between €80,000 and €1.5m, primarily to serve as working capital and for the purchase of machinery.

Despite its success, Frontera must deal with **volatile coffee prices**. Although this is normal to a certain extent, there can be dramatic fluctuations in price. For instance, in 2023, Frontera bought its members' coffee at a high price, then had difficulty selling it at a similar price, which created financial tensions. This recent event has inevitably influenced the results of the impact study, in particular for the short-term impact.

### > Recent experiences shaped by volatile prices

To assess Frontera's impact on the socio-economic situation of its members, we interviewed a representative group of **82 farmers** from San Ignacio, made up of 48 men and 34 women. Their farms have an average size of 3.2 hectares and they have worked with Frontera for an average of 13 years.

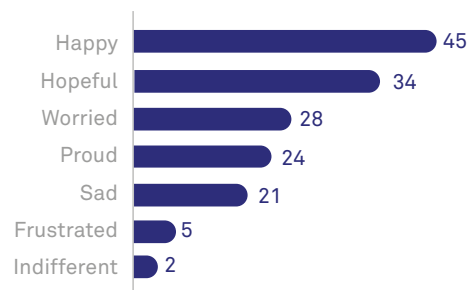
We invited these farmers to share their most significant experiences with Frontera over the course of the last year. Almost **half** (49%) of these personal accounts included **positive experiences**. 24% of respondents said that they were satisfied with the **prices paid by Frontera**. 25% were particularly appreciative of the loans and other forms of assistance provided by the co-operative. They are often used to cover expenses related to children's education, improving housing conditions, and healthcare.

A **third** (33%) of respondents said that they had **mixed feelings** about their recent experiences with Frontera, mentioning difficulties related to **price fluctuations** (see above) and **delayed payments** (often caused by shortcomings in the co-operative's communication or administrative procedures).

Lastly, **18%** of farmers said that Frontera's role in their lives is **neither positive nor negative**. Although generally satisfied with

their relationship with Frontera, these people were **not always satisfied with the prices paid by the co-operative**. Frontera pays producers depending on the quality of their produce, while helping them improve the quality. Despite this technical assistance, sometimes the quality of the harvest does not meet the required standards and, ultimately, Frontera pays lower prices than the producers had hoped.

### EMOTIONS ASSOCIATED WITH THE FARMERS' TESTIMONIES



Of course, these results were affected by the difficulties in 2023, which saw unusual price fluctuations. However, if we consider **longer-term views** of Frontera, respondents' feelings are **significantly more positive**:

- 70% of coffee growers have forged strong relationships with Frontera and even consider it to be a part of the family.
- 87% trust Frontera and prioritize selling their produce to the co-operative.
- 70% believe that the co-operative effectively represents their interests and meets their needs.



## > Economic impact

60% of coffee growers say that Frontera offers them **better prices than other co-operatives or companies**, while 35% say that the prices are the same as elsewhere.

Either way, **70% say that they feel their economic situation has improved** since working with Frontera, and 69% (almost) always receive their payments on time.

### EVOLUTION IN THE ECONOMIC SITUATION OF THE MEMBERS OF FRONTERA



Loans provided by Frontera were primarily used to **increase agricultural productivity, improve farmers' housing, and pay for children's education**.

The most popular service is the **technical assistance** provided by Frontera, followed by logistical support/transport of harvests and financing for farmers to replant their coffee plantation.

### MOST APPRECIATED SERVICES OFFERED BY FRONTERA



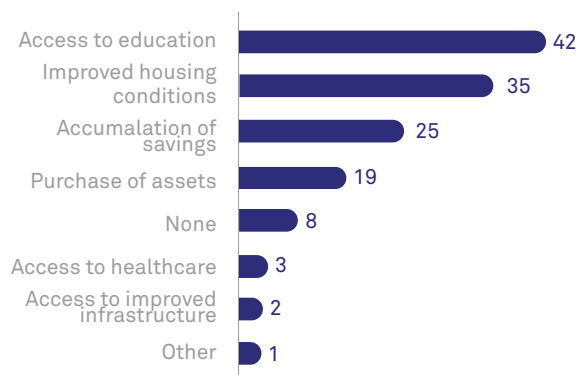
Coffee producer,  
Frontera, Peru  
© Alterfin

## > Impact on family level

Beyond the impact on their farms, 94% of Frontera's members state that the co-operative has contributed to significant improvements for their households. The most commonly mentioned improvement is their **children's education** (31%), followed by **improved housing** (26%), the **accumulation of savings** (19%) and the **purchase of goods** (14%).

These savings make it easier to **cope with financial setbacks** and are therefore extremely important to ensure economic resilience in the long term. Almost a third (31%) of coffee growers say that they have built up savings, and 38% would rely on loans from the co-operative in the event of unforeseen difficulties. Frontera's role in **improving the resilience of farmers' families** is therefore twofold: firstly, the higher prices it pays have enabled its members to build up some much-needed savings; and secondly, its loans help beneficiaries cope with economic uncertainties.

### IMPROVEMENTS ON FAMILY LEVEL



## > Conclusion

As in other countries, the Peruvian coffee sector is **vulnerable to global market fluctuations**, caused by the unpredictability of the weather and global speculation of coffee prices, among other issues. Despite the difficulties that this sometimes causes in the short term, Frontera and its members enjoy strong relationships in the long term. The members we interviewed have worked with the co-operative for 13 years, on average. During this period, the vast majority have seen improvements in their economic and domestic situations.

The coffee growers have been able to **improve the quantity and quality of their harvests**, thanks to Frontera's technical assistance and the investments they have been able to make. In general, they are reasonably satisfied with prices and payment terms. Frontera is likely to remain their **preferred partner**, provided that it manages to deal effectively with price volatility and that it continues to invest in order to help its members improve and maintain the quality of their produce.

In terms of its impact on families, Frontera helps its members invest in their children's **education**. Farmers' families are also more resilient in the long term, because they can build up a **financial buffer** and can **ask for a loan from the co-operative** in the event of an emergency.

In conclusion, Frontera definitely helps improve its members' lives; as such, it **fights poverty in the San Ignacio region**. And that's precisely what Alterfin aims to do by investing in partners like Frontera.

# 9

## Our financial performance

The figures below are based on our annual financial statements, audited by the firm of auditors Forvis Mazars (see appendix 3 on page 70 for more information).

### BALANCE SHEET

The **balance sheet total increased by 2%** in 2024. This increase is due to the growth of our loan portfolio and would have been more substantial if our investments in euros had not declined.

#### ASSETS: INCREASE IN THE VOLUME OF OUR INVESTMENT PORTFOLIO

The total portfolio of investments under Alterfin's management is split between financing, in the form of loans, and financial fixed assets, which are equity interests in partner institutions. Both increased in 2024:

- Our **net loan portfolio increased by 7%** in comparison to 2023 to about €99 million. This growth continues the positive trend of the last four years.
- Our **financial fixed assets also increased by 7%**. As in 2023, this is due to the growth in our investment in the Fefisol II fund.

For more information on the reasons behind our investment portfolio's development, please read Chapter 7: "Our sustainable investments", page 20.

While our portfolio of investments under management continued to grow, the **value of our euro investments decreased by almost 7%**. This decrease is due to the allocation of part of this liquidity to finance the growth of our portfolio of investments under management and to repay certain euro debts to optimize our cost structure.

Balance sheet in € (presented before profit allocation)	2024	2023	2024-2023 difference
<b>Fixed Assets</b>	<b>3,611,518</b>	<b>3,413,624</b>	<b>6%</b>
Intangible fixed assets	314,856	321,964	-2%
Tangible fixed assets	10,795	16,105	-33%
Financial fixed assets	3,285,867	3,075,554	7%
<b>Current Assets</b>	<b>161,956,584</b>	<b>159,813,441</b>	<b>1%</b>
Net loan portfolio	99,253,363	92,854,800	7%
Euro investments and cash at hand	61,950,842	66,386,851	-7%
Other accounts receivable	752 379	571,790	32%
<b>Transitory Accounts (mainly interests to be received)</b>	<b>3,013,247</b>	<b>2,323,173</b>	<b>30%</b>
<b>TOTAL ASSETS</b>	<b>168,581,348</b>	<b>165,550,238</b>	<b>2%</b>

Numbers subject to rounding.

### Why do we have so many euro investments?

Approximately 85% of our loans is in dollars or in local currency that are hedged against the dollar.

Consequently, just 15% is in euros because our capital is in euros, we have to take out loans in dollars so that we can provide our partners with loans in dollars.

Capital that is not directly lent to our partners is then invested in low-risk financial products to ensure a return on this money. These are the “euro investments” that you will find in the Assets table. These investments play an essential role, acting as a guarantee for the majority of the loans we take out in dollars.



## LIABILITIES: A STABLE DEBT/EQUITY RATIO

In terms of our assets, the total portfolio of investments under management has grown significantly, due to the increase in our financing resources, mainly from higher credit capacity.

The capital contributions of our co-op members continued to grow in 2024, with an **increase of almost €300,000**.

Balance sheet in € (presented before profit allocation)	2024	2023	2024-2023 difference
<b>Equity</b>	<b>74,181,468</b>	<b>73,769,288</b>	<b>1%</b>
Paid-in capital	70,810,938	70,539,313	0%
Subsidies	4,413	6,723	n.s.
Total reserves	2,527,084	2,391,007	6%
Net income of the period	839,033	832,245	1%
<b>Liabilities</b>	<b>93,145,068</b>	<b>90,777,025</b>	<b>3%</b>
Long-term liabilities (> 1 year)	17,035,843	16,901,634	1%
Short-term liabilities (< 1 year)	73,442,692	72,265,791	2%
Other liabilities	2,666,533	1,609,600	66%
<b>Transitory Accounts (mainly taxes and interests to be paid)</b>	<b>1,254,812</b>	<b>1,003,924</b>	<b>25%</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>168,581,348</b>	<b>165,550,238</b>	<b>2%</b>

Numbers subject to rounding.

The volume of **debt**, consisting primarily of credit lines and long-term loans in US dollars, increased by nearly 3% in 2024, or approximately **€2.4 million**.

Although the increase in debt is greater than the increase in equity, our **debt<sup>1</sup>/equity ratio has only increased very slightly**: it was 1.22 at the end of 2024, compared to 1.21 at the end of 2023. This debt/equity ratio remains quite reasonable and is more than enough to consider increasing the volume of external financing in the future, while ensuring the co-operative's financial stability.

## POST-CLOSING EVENTS

In discussions with the FSMA, we have agreed on the need to submit a request for a change of status, from a small-scale self-managed Alternative Investment Fund (AIF) to a classic (or large-scale) AIFM status. This decision follows the exceeding of the regulatory threshold for assets under management (AuM), which had previously allowed us to qualify as a small-scale AIF. See appendix 4 page 70 for more information on this matter.

<sup>1</sup> Excluding other liabilities

## PROFIT AND LOSS STATEMENT

### REMARKABLE GROWTH IN OPERATING MARGIN

We closed 2024 with an increase in **gross operating margin of more than 60%**, despite an increase in our financing costs. This positive trend is the result of:

- A significant **increase in operational revenue**, linked to the overall growth in our activities;
- A **reduction in our operational costs**, due to strict cost control.

However, due to the increase in net write-downs of our loans, **net income** is similar to that of 2023, amounting to **€839,033**.

### STABLE NET INCOME

Let's start with the most important metric: the **income on Alterfin's gross loan portfolio**, comprising interest and commission, **increased by 28%** in 2024, compared to 2023.

This increase is the result of higher interest income on the outstanding loans of our portfolio. This is higher than the growth of our gross loan portfolio from the end of 2023 to the end of 2024. This is because the interest is calculated based on the average volume of the portfolio, which increased by 24% in 2024. This explains the significant growth in the related income (see "A higher average outstanding investment", in Chapter 7: "Our sustainable investments", page 22).



Profit and loss statement expressed in €	2024	2023	2024-2023 difference
<b>Financial and operational income</b>	<b>10,463,166</b>	<b>8,586,413</b>	<b>22%</b>
- Income from Alterfin's portfolio	8,457,109	6,599,154	28%
- Income from portfolio under Alterfin's advisory	304,489	199,351	53%
- Commission from technical assistance missions	25,739	15,205	69%
- Income from euro investments	1,675,829	1,772,703	-5%
<b>Financial costs</b>	<b>-4,960,606</b>	<b>-3,845,167<sup>1</sup></b>	<b>29%</b>
<b>Financial margin</b>	<b>5,502,560</b>	<b>4,741,246</b>	<b>16%</b>
<b>Operational costs</b>	<b>-3,419,533</b>	<b>-3,441,043</b>	<b>-1%</b>
- Staff	-2,495,726	-2,509,830	-1%
- Office and marketing	-472,997	-477,493	-1%
- Services	-74,800	-122,986	-39%
- Costs related to portfolio monitoring	-87,183	-70,748	23%
- Costs related to recovery of loans in default	-113,703	-58,995	93%
- Premiums: insurance & guarantees for portfolio <sup>2</sup>	-175,123	-200,991	-13%
<b>Gross operating margin</b>	<b>2,083,027</b>	<b>1,300,204</b>	<b>60%</b>
Write-downs of loans	-1,672,282	-1,589,166	5%
Recoveries and reversal of write-downs	683,017	1,307,815	-48%
Impairment of financial fixed assets	-75,000	0	n.a.
<b>Net operating margin</b>	<b>1,018,763</b>	<b>1,018,853</b>	<b>0%</b>
Currency exchange net result	-15,173	-41,238	-63%
Extraordinary result	9,600	242	n.a.
<b>Net operating margin before taxes</b>	<b>1,013,190</b>	<b>977,857</b>	<b>4%</b>
Income tax and other taxes	-174,156	-145,611 <sup>1</sup>	20%
<b>NET RESULT</b>	<b>839,033</b>	<b>832,245</b>	<b>1%</b>

Numbers subject to rounding.

<sup>1</sup> Reclassifying €38,000 from "Taxes" to "Financial costs".

<sup>2</sup> Reclassifying of the line "Premiums: insurance & guarantees for portfolio" to the section "Operational costs"

Alongside the portfolio's income, there was a **significant increase in income from the loan portfolio under advisory (+53%)**, primarily as a result of growth in funds from the Fefisol II fund.

However, **income from our euro investments fell in 2024** in comparison to 2023, despite an increase in the average return on these investments. There are two reasons for this decrease:

- 1) A **revised accounting treatment for certain callable bonds** and the **adjusted return on one of our insurance products**, entailing an exceptional cost of approximately €292,000 in 2024;
- 2) The **decrease in the volume of euro investments** (see above), the negative effect of which is estimated at €168,000.

Without the impact of these two issues, there would have been a 20% increase in income.

Another factor that had a negative impact on our income: **our financial costs** increased by 29% in comparison to 2023. This increase is due to a rise in the volume of our debts and an increase in their average cost. Although the interest rates continued to increase steadily in 2023, they did not begin to fall until late 2024, limiting the positive effect of this decrease.

In conclusion, thanks to higher portfolio income and income from advisory services provided for third-party funds, and despite lower income from our euro investments and higher financial costs, our **financial margin rose by a substantial 16%** in comparison to 2023.

In addition to this substantial increase, there was a **decrease in our operating costs**, despite the growth of our activities and inflation. This can be explained by economies of scale and strict cost management. This enabled us to close the year with an **increase in gross operating margin of 60%**.

## INCREASE IN NET WRITE-DOWNS

Net write-downs of our loans in 2024 increased in comparison to 2023. This increase is due to the following factors:

- 1) **An increase in write-downs** (+ €83,000): this is consistent with the growth in volume of our portfolio. As a proportion of the latter, write-downs actually fell slightly, from 1.65% in 2023 to 1.62% in 2024.
- 2) **The absence of reversal of write-downs in 2024**, which were exceptionally high in 2023. This is because the risk associated with write-downs implemented in the past has not changed and therefore did not justify any reversals in 2024. Despite the increase in our debt recoveries (+ €210,000), the total of recoveries and reversal of write-downs have fallen by nearly €625,000.

Despite the negative impact of net write-downs, the substantial increase in our operational income enabled us to close the 2024 financial year with a **slightly higher profit than in 2023**.



# 10 Perspectives

Last year, we predicted a challenging context of polycrisis. Unfortunately, this prediction came to pass and 2025 does not look any brighter.

But drawing on its 30 years of experience, Alterfin is ready to overcome the challenges of this new, unstable world.

## A world in turmoil

In light of the particularly volatile global political context, the fight for social and climate justice has been sidelined or even taken off the agenda by many governments. This shift in priorities has led to significant curtailments in international co-operation in many countries. The sudden and unexpected dismantling of USAID in January 2025 is the most striking example of this.



Coffee producer,  
CPC, Laos  
© Alterfin

And yet, development co-operation isn't charity! It's an investment in global stability and humanity. In these circumstances, stakeholders like Alterfin and NGOs must pull together. Together, we must develop new solutions to meet the world's ever-growing challenges and needs.

## Proven resilience for more than 30 years

This year, Alterfin is celebrating its 30th birthday. Over the years, it has demonstrated the resilience of its model and the 2024 results are further proof of this. This resilience comprises many different aspects that will help us face the major challenges ahead:

**Our unshakable commitment to our mission and our contribution to social and climate justice** (see Chapter 8, page 39). As pioneers in the impact investment sector, we have established a unique impact management system to ensure that we achieve our objectives.

**Our willingness to develop networks of people and organizations that share the same ideas** to increase our impact and help others do the same (see Chapter 6, page 16).

**Our talented and enthusiastic team**, driven by what makes Alterfin unique: its strong ethical focus and its impact-oriented approach.

**Our ongoing monitoring of our policies, procedures and tools** so that we can adapt them in response to growing operational difficulties.

Lastly, our **ability to develop a solid investment portfolio**. Over the last 30 years, we have proved that we help organizations

develop by providing them with tailored financing and support. We have also proved that these organizations are driving sustainable development by enabling millions of micro-entrepreneurs and smallholder farmers to improve their livelihoods.

## What to expect in 2025?

Alterfin is embarking on a new phase in its development as it works to become a **large-scale AIFM** (see Appendix 4), which will enable us to expand both our portfolio and our consultancy services for third parties. To obtain this status, we will work to ensure **compliance with the requirements set by the FSMA** (Financial Services and Markets Authority).

We must also adapt our operations to the recent **European regulation on digital resilience** (DORA).

All these initiatives will require significant time and effort, but they will strengthen our organization, provide new opportunities for investment mandates and co-operation, and, ultimately, increase our impact.

To do this, we must continue to innovate. In 2025, we will do this through various initiatives:

- Continuing to develop the **Oxfam Women in Enterprise Fund**, our partnership with Oxfam focused on women and agriculture.
- Developing a **new Impact Strategy** that draws on the lessons we have learned over the last 30 years and is tailored to the current context.
- Intensifying our efforts in support of climate justice by implementing the **new Environmental Strategy** that we developed in 2024 and our **2025 Action Plan**.

- Establishing **key partnerships focused on impact management**, including with KU Leuven, to develop a deeper understanding of the impact of microfinance, and with the CGAP network, to share our expertise in impact management with the development co-operation sector.
- Expanding the **technical assistance** we offer our partners, as we enter a new phase of the SSNUP, and using increased resources from the BIO Invest fund. In addition, the new BRIDGE program will help more than 50 partners develop and implement an effective digital strategy (in partnership with Lightful and financed by Small Foundation).

Lastly, to mark our 30th anniversary, we are going to organize a **special campaign** with two partners that co-founded Alterfin: Rikolto and Humundi (formerly known as SOS Faim).

With ethics and political integrity now increasingly coming under attack, Alterfin is more committed than ever to its ideal of a fairer, more equitable world order: a world where all human beings can aspire to live in harmony with one another, where international solidarity is not an empty buzzword, and where social and climate justice remain absolute priorities.

**We want to thank all the people and organizations who have helped us over the last 30 years, and we are already looking ahead to the next milestone.**

## Appendix 1: Glossary

**Partners** means all organizations recipient of a loan by Alterfin and by third parties for which Alterfin acts as an advisor, and all partners in which Alterfin has an equity investment.

**Gross loan portfolio of Alterfin** means the outstanding principal balance of all loans to partners managed by Alterfin, including outstanding loans and loans in default, but not including loans that have been written off, or any interest on the outstanding loans or loans in default.

**Financial fixed assets (FFA)** means minority equity investments in other entities, with the end objective of supporting Alterfin's business activity and mission.

**Total portfolio of investments under Alterfin's management** means the sum of Alterfin's gross loan portfolio and financial fixed assets.

**Portfolio under Alterfin's advisory** means the outstanding principal balance of all loans provided to partners by third parties that receive advisory services from Alterfin - including outstanding and overdue loans.

**Total portfolio under Alterfin's management and advisory** means the sum of the portfolio under Alterfin's management and the portfolio under Alterfin's advisory.

**Net loan portfolio of Alterfin** means the gross loan portfolio of Alterfin from which write-downs for potential defaults are subtracted. To anticipate possible losses, Alterfin registers write-downs on loans in default, based on the duration of the default and the probability of reimbursement.

**Restructured loans** means loans for which the initial repayment terms have been modified. This may involve an extension of the repayment term, for instance.

**Loans in default** means loans with delayed payments compared to the initial repayment terms.

**Foreign exchange risk** means the risk of financial loss caused by fluctuations in the exchange rates of international investments involving several currencies. Insurance against this risk exists, but it is more expensive in an uncertain economic context and/or when exchange rates are volatile.

## Appendix 2: Additional information for the impact section

Periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852.

Product name: Alterfin SC

Legal entity identifier: 5493007UEXF0EDW8LO56

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

### Sustainable investment objective

Did this financial product have a sustainable investment objective?	
<input checked="" type="radio"/> <b>Yes</b>	<input type="radio"/> <b>No</b>
<input type="checkbox"/> It made sustainable investments with an environmental objective: ____% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input checked="" type="checkbox"/> It made sustainable investments with a social objective: 99,76%	<input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

To what extent was the sustainable investment objective of this financial product met?

The social objectives promoted by Alterfin relate to poverty alleviation as envisaged by its mission to serve low-income communities in low and middle income countries. We measure the social objectives of our financial product through 4 impact pathways:

- Financial inclusion for unbanked or underserved populations
- Market access for smallholder farmers
- Missing middle investments to support rural enterprises
- Supporting sustainable agriculture investments

The fund does not designate a reference benchmark to assess its attainment of these social characteristics. For detailed results please refer to the 'Our Impact' chapter on page 38.

#### How did the sustainability indicators perform?

Please refer to the "Our Impact in Figures" section of the "Our Impact" chapter on page 38 that indicates our performance on our 4 impact pathways and is supplemented by in-depth impact evaluations on select investees to demonstrate our social impact.

- ... and compared to previous periods? N/A
- How did the sustainable investments not cause significant harm to any sustainable investment objective?

The fund uses the IFC and OPEC Exclusion List (which can be provided on request) to ensure investments do not cause significant harm to sustainable investment objectives. In addition to this, Alterfin has a custom Environmental & Social (E&S) due diligence tool designed to measure risk and impact of investments. All investments complied with the exclusion list and did not cause harm to any environmental and social investment objective through a comprehensive E&S Assessment.

--- How were the indicators for adverse impacts on sustainability factors taken into account?

The fund does not use Principle Adverse Impacts on Sustainability factors as defined under EU Taxonomy to measure risk as

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.



**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

these indicators are not relevant to the social investment objective of the fund. It does take into account its own sustainability risks in its investment decisions as detailed in our Environmental and Social Risk Policy available on our website: <https://en.alterfin.be/page/sustainability-related-disclosures>

--- Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Alterfin's custom E&S tool includes relevant components of UN Guiding Principles on Business and Human Rights, IFC Performance Standards and sector specific standards such as FAO Environmental and Social Sustainability Standards to the extent applicable to the nature of investments.

**How did this financial product consider principal adverse impacts on sustainability factors?**

The financial product does not take principal adverse impacts on sustainability factors into account as they are not linked to the mission of the poverty alleviation. Alterfin however takes its own ESG risks into account in its investment decisions, as set out in the Environmental and Social Risk Policy, which is available on Alterfin's website: <https://en.alterfin.be/page/sustainability-related-disclosures>.

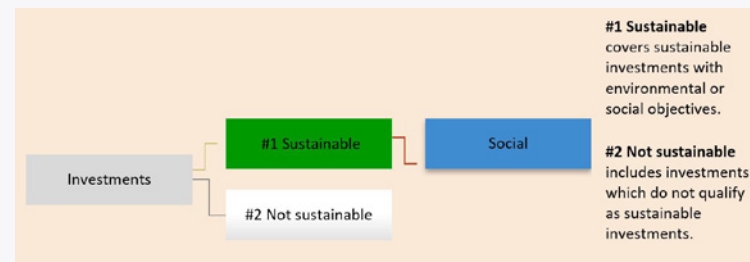
**What were the top investments of this financial product?**

Largest investments	Sector	% Assets	Country
FEFISOL II	Funds & Social Investments	1,86%	Africa
FINANCIERA FDL S.A.	Microfinance	0,65%	Nicaragua
MUSONI SERVICES	Microfinance	0,23%	International
KAMPANI	Funds & Social Investments	0,19%	International
MFX	Funds & Social Investments	0,18%	International
SIDI	Funds & Social Investments	0,08%	International
ETHIQUABLE	Agriculture durable	0,05%	International
Fortalecer	Microfinance	0,01%	Peru
PRISMA	Microfinance	0,00%	Peru

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 2024

**What was the proportion of sustainability-related investments?**

- **What was the asset allocation?**



99,76% of our investments are sustainable with a social objective aligned with Alterfin's mission and 0,24% of our investments do not qualify as sustainable.

**Asset allocation** describes the share of investments in specific assets.

- **In which economic sectors were the investments made?**

Out of the 99,76% sustainable investments, 25.5% are for Agri SME, 71.9% are for Microfinance & 2.5% are for Funds & Social Investments, all qualifying as #1A Sustainable with a social objective aligned with Alterfin's mission.



**To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy**

Alterfin mission is poverty alleviation and as such is 99,76% social and does not correspond to the six environmental objectives of the Taxonomy which are: (1) climate change mitigation, (2) climate change adaptation, (3) sustainable use and protection of water and marine resources, (4) transition to a circular economy, (5) pollution prevention and control, and (6) protection and restoration of biodiversity and ecosystems.

- Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ Non

- What was the share of investments made in transitional and enabling activities? [None](#)
- How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods? [N/A](#)



What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy? [N/A](#)



What was the share of socially sustainable investments? [99,76%](#)



What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?

[0,24%](#) of our investments are considered as Not Sustainable. They constitute our liquidity reserve used for operational day-to-day payments, without any environmental or social safeguard.

What actions have been taken to attain the sustainable investment objective during the reference period?

- All investments underwent a E&S Due Diligence designed to assess the unique characteristics of Alterfin's investments.
- All investments comply with IFC and OPEC Exclusion List.
- Alterfin undertook impact evaluation of one of its investee to understand social impact as demonstrated in the annual report.

How did this financial product perform compared to the reference sustainable benchmark?

- How did the reference benchmark differ from a broad market index? [N/A. Alterfin does not use a reference benchmark.](#)
- How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective? [N/A. Alterfin does not use a reference benchmark.](#)
- How did this financial product perform compared with the reference benchmark? [N/A. Alterfin does not use a broad market index.](#)
- How did this financial product perform compared with the broad market index? [N/A. Alterfin does not use a broad market index.](#)



**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable objective.

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do no significant harm to any EU Taxonomy objective – see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

## Appendix 3: External audit

The audit of the company's financial situation, financial statements, and compliance with the Belgian Code of Companies and Associations and the company's Articles of Association is entrusted to a statutory auditor. The statutory auditor is appointed by the Annual General Meeting of Shareholders and is chosen from the members, whether natural or legal persons, of the Belgian Institute of Company Auditors.

The auditor's responsibilities and powers are those recognized by law.

- The Annual General Meeting determines the number of auditors and their remuneration, as provided by law.
- Auditors are appointed for a renewable three-year term. They can only be removed from office by the Annual General Meeting for valid reasons.
- The Audit, Finance and Risk Management Committee assesses the effectiveness, independence, and objectivity of the external auditor with regard to the following aspects:
  - The content, quality, and outlook provided in the external auditor's main plans and reports, particularly those summarizing the audit work that has been completed in relation to the risks identified by Alterfin;
  - Engagement with the external auditor at Committee meetings;
  - The external auditor's reliability in applying key accounting principles;
  - The provision of services other than auditing.

For the financial year ending December 31, 2024, professional services were provided by Forvis Mazars Réviseurs d'Entreprises SRL, duly incorporated and existing under Belgian law, whose registered office is located at Avenue du Boulevard 21 b 8, 1210

Brussels, Belgium, registered with the Brussels Register of Legal Entities under company registration number 0428.837.889, and their respective affiliate members.

Forvis Mazars' term began on the date of the Annual General Meeting of April 20, 2024. Forvis Mazars is the company's statutory auditor for a term of three years that will come to an end at the close of the Annual General Meeting to be held in 2027, which will approve the financial statements for 2026.

## Appendix 4: Calculation of assets under management and impact on status with FSMA

Since 2010, Alterfin has been accredited as a development fund pursuant to the law of June 1, 2008, which introduced a tax reduction for shareholdings in microfinance development funds operating in developing countries.

In 2014, following the transposition of Directive 2011/61/EU into Belgian law on alternative collective investment undertakings and their managers of 19 April 2014 (the "AIFM law"), Alterfin, an alternative investment fund ("AIF"), submitted a notification to Financial Services and Markets Authority ("FSMA") for registration on the AIF list. As a result, the FSMA registered Alterfin as a self-managed, small-scale Alternative Investment Fund Manager (AIFM) under Belgian law, in accordance with Article 106 of the OPCA Law. That provision deems an AIF to be small-scale if its assets under management (AuM) do not exceed EUR 100 million when leverage is applied. The method for calculating AuM is further defined in Articles 2, 7 and 8 of Delegated Regulation (EU) No. 231/2013.

Alterfin's status as both a development fund and a self-managed, small-scale AIFM allowed it to benefit from a regulatory derogation. Specifically, it was exempt from certain provisions of the AIFM Law and did not require an FSMA license to operate. Pursuant to Article 107 of the AIFM Law, Alterfin was only required to register with the FSMA via a notification, rather than obtaining a formal approval.

Since September 2024, Alterfin has been in discussions with the FSMA regarding the calculation of its AuM in accordance with the relevant statutory provisions. In January 2025, under FSMA guidance, Alterfin concluded that its AuM now exceeds the €100 million threshold. This calculation, based on the applicable law, includes its balance sheet total as well as notional values of all off-balance sheet swaps and derivatives.

Although the Ministry of Finance renewed Alterfin's development fund status for an additional five years in January 2025, its anticipated loss of small-scale AIFM status now requires it to apply for an FSMA license and comply with more extensive reporting obligations.

In consultation with and under the supervision of the FSMA, Alterfin is preparing to transition to a large-scale AIFM (or classic AIFM) regime, along with its associated obligations. The FSMA has advised that this migration process may take between six and twelve months, and in exceptional circumstances, between eighteen and twenty-four months. During this transition period, Alterfin will continue to conduct its business as usual.

Calculation assets under management (AuM), in € *	
Total assets	168,581,348
Currency risk hedge	41,717,841
Interest Rate Swaps	26,882,753
<b>Total assets under management at 31/12/2024</b>	<b>237,181,942</b>

\* As defined by FSMA



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