

# STRATEGY 2025-2027

Adapting to climate change

Finances, Technologies & Consulting



*Burundi – ADISCO Association - Coffee washing station for cooperatives financed by Philea*

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## Findings and priorities

Founded in 1996, Philea<sup>1</sup> could pride itself on being among the pioneers of social financing by offering a simple and robust bank guarantee to agricultural producer cooperatives in the South who could thus obtain financing from banks in local currency.

The guarantee was easy to implement, and the balance of the economic model was ensured by a 3% premium paid by the member to Philea to which was added the remuneration of the guarantee funds invested in public bonds in Switzerland.

Thus, since its creation, more than 60 organizations in 15 countries have been supported and have been able to benefit from financing through guarantees. Over time, Philea has woven a network of local organizations brought together within the cooperative and which mutualizes the risk.

In parallel with its financial activity, Philea has always considered that credit should be accompanied by capacity building for its members (governance, training, financial education, etc.). To finance this type of activity, it initially collaborated with the RAFAD Foundation, then joined the Geneva Cooperation Federation (FGC) in 2018.

The subprime crisis of 2008 seriously unbalanced this economic model, and, to deal with it, Philea began to grant direct credits to its members and by favoring microfinance institutions, considered less risky than agricultural producer cooperatives. This crisis was also accompanied by a more structural change in the ecosystem of social financing with the development of many microfinance funds that were able to compete directly with Philea on its ground.

From 2014, Philea entered a "recession" and was no longer able to refinance itself. The financial statements deteriorated and from 2014 to 2023, equity decreased by 54%, from CHF 2.9m to 1.3m, putting its members' shares at risk for the first time.

At the end of 2022, the Board of Directors was renewed in its entirety except for the President and the new team set about defining a new strategy which is presented in this document. In July 2023, a new Chairman of the Board of Directors was elected, thus completing the renewal of the Board of Directors.

As of December 31, 2024, Philea's portfolio includes 10 credits for a total net outstanding of CHF 1,274,524. At the same time, it manages three development projects financed by the FGC.

Adapting to climate change. Every year, the consequences of climate change become more intense: irregular rainfall that disrupts agricultural calendars, repeated heatwaves, droughts and torrential rains, fires, etc. Our members will have to adapt their economic models in the medium and long term while managing the urgency of everyday's life, which remains a priority.

## Mission

Philea's mission is to support the adaptation to climate change of its members and their beneficiaries.

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<sup>1</sup> Formerly FIG (International Guarantee Fund), until 2018 when the name Philea was adopted.

## Vision

Philea's vision is of a world where all economic models will be socially just and ecologically sustainable.

## Our purpose

We are a group of committed professionals who believe that the consequences of climate change are becoming more intense each year and require adaptation. We also support our members and their beneficiaries in developing socially just and ecologically sustainable economic models.

## Our values

- Our diversity as a strength and capital of skills.
- Respect for our members as a pledge of solidarity for sustainable development.
- Transparency as a bond of trust with our members and partners.
- Innovation as a force for resilience.

## For Philea, a gradual transition

Philea's financial situation is fragile but under control. The operating result at the end of 2024 is balanced and the portfolio has been cleaned up, with bad debts having been provisioned and written off. Added to this is a gradual awareness among our members of the issues related to climate change. This is why this new strategy will be implemented based on the new projects that will be identified in connection with the objectives of this new strategy.

## Governance & service offering

### Members

Philea has 130 members, individuals and legal entities, 102 of whom are domiciled in the North. Most of the members in the North are supporting members, while in the South we find the beneficiaries of Philea's credits, as well as supporting members.

This hybrid composition of the membership has advantages, Philea benefits from the financial support of members in the North, and disadvantages, the goal and purpose of the cooperative are not always perceived in the same way by all its members. The opening of Philea's activities in the North and the new strategy should help to strengthen the alignment between the members of the cooperative.

### The Board of Directors

Composed of 11 members with varied and complementary profiles, brings together the necessary experience to implement this new strategy. The Board also includes representatives of beneficiary members from the South, which allows it to be close to the concerns on the ground.

At the end of 2022, the board of directors was almost entirely renewed, retaining only one of its former members. This change has breathed new life into the process, from which this strategy directly flows.

A short bio of the members can be seen here: <https://philea.coop/en/about-philea/#notre-gouvernance>

## Local correspondents

The main function of the five local correspondents is to act as a link between Philea's headquarters in Switzerland and members in the field. Their mission is to identify new partners, to carry out risk analysis when granting a loan and to monitor the loan until it is fully repaid. In addition, through their knowledge of members and local issues, they also participate in identifying and formulating technical assistance or training needs that may be the subject of development projects.

## Credit committees

Philea has two credit committees (French & Spanish-speaking) whose mission is to analyze credit applications and make a recommendation to the board of directors, which alone is authorized to disburse a loan. The credit committee is composed of the director, two members of the board of directors and, where applicable, a volunteer. The director and the two members of the board of directors do not participate in the deliberations of the board of directors.

## Accounts review & internal control

Accounting is audited annually by a trustee. In addition, to strengthen internal control, the procedures for the instruction and disbursement of credits have been strengthened, as well as a portfolio tool (EXCEL) allowing clear and precise monitoring of disbursements and reimbursements, whether they are forecast or actual operations.



Burundi – ADIP Association – Beneficiary of the family farm support project financed by the FGC

## Philea's service offering

### Financial services

Philea's main service is granting credit to its members. Until now, this mainly involves short-term working capital credit, which is regularly renewed.

In 2018, Philea granted a first equipment loan (USD 150'000) to COOPECAN, a cooperative of alpaca wool producers, in partnership with Alterfin (<https://en.alterfin.be>), a Belgian social investor, which allowed the cooperative to relocate its factory to a more favorable area. This equipment loan, repayable over 12 years, was supplemented by a working capital loan (USD 74'000) to pay cash for the raw wool supplied by the cooperative's members. This mix of equipment credit and working capital aligns well for the future projects that Philea will be required to finance.

For MFIs, the emphasis will be placed on granting long-term resources to facilitate investments requiring longer amortization periods. However, a mix of long-term resources / working capital will always be possible depending on member demand.

**Credit files.** The updating of procedures has made it possible to restructure the risk analysis process (due diligence). Each credit file, drawn up by the local correspondent, goes through several successive stages that are subject to an approval process. Two risk and impact matrices are completed to determine a score. This score is used to determine the interest rate to be applied as well as the risk provision to be committed to the portfolio assets.

#### Credit characteristics:

**The average amount disbursed is CHF 100,000.** Lower amounts are possible, but for the next 3 years, Philea must keep its transaction costs under control and does not wish to compromise the quality of its work.

**The interest rate** is determined based on the amount disbursed, the estimated risk and the profitability of the transaction for the borrower<sup>2</sup>. When Philea refinances itself with other social investors, the cost of the resource must be included in Philea's exit rate.

A guarantee is requested where possible. However, experience shows that the main risk for Philea is more related to delays in repayment than to a pure and simple cessation of the borrower's activities.

The repayment plan is determined based on the forecast cash flow, i.e. the repayment deadlines are not necessarily automatic and at a constant amount<sup>3</sup>.

### Non-financial services

Adapting to climate change will require adjusting the member's economic model, which may require technical support that can result in:

- Support for adapting the economic model (governance, business plan, financial projections, coaching, etc.) and which generally concerns the managers of the supported legal entity.

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<sup>2</sup> A new EXCEL tool makes it easier to determine interest rate and calculate local correspondent income.

<sup>3</sup> The credit agreement includes a provisional schedule and the conditions for exemption if necessary. A maximum time limit is nevertheless set.

- Financial and/or technical education that is mainly aimed at members of cooperatives supported by Philea.
- Specific training on green finance.

These non-financial activities can only be partially supported by local partners and require funding in the form of subsidies. As such, the FGC is currently Philea's preferred partner for financing this type of activity. As part of the new strategy, future projects submitted will integrate adaptations to climate change more directly. It will also involve creating more links between technical assistance projects and funding granted in the form of credit. Currently, the two financial and non-financial intervention axes do not necessarily have a direct link.

## Strategic objectives

These next three years must be years of consolidation and relaunch of activities. The following strategic objectives have been retained:

1. Creation of structuring partnerships.
2. Strengthening the recognition of Philea.
3. Additional financial resources.
4. Diversification of the portfolio (geographic, thematic).

### With the MFIs members of Philea

In the short term, with the MFIs members of Philea, adaptation to climate change will concern the promotion of:

- Green products (solar, improved stove, biogas, etc.).
- Equipment (cold storage room, solar (dryer, pumps, cooker), compost pit).
- Issues related to energy, water and waste.

With this in mind, Philea has signed a partnership agreement with the MAIN network which brings together 130 members, mainly MFIs in 26 countries in Africa. MAIN has placed the Ecological and Social Transition (TES) at the heart of its strategy. To materialize this collaboration, Philea and MAIN are preparing a pilot project aimed at identifying the priorities and possible levers for action at the level of MFIs.

### With the producer cooperatives that are members of Philea

Similarly, priority will gradually be given to financing equipment that allows for better valuation of agricultural production in a logic of reducing the ecological footprint. This will mainly concern:

- Financing storage capacities, machines for valuing agricultural products, the transition to agrobiology, etc.

Several years will be needed before all our financial commitments are clearly aligned with our new strategy. For our members, MFIs and producer cooperatives, the ecological and social transition is a new concept that will have to be gradually appropriated. Added to this will be the search for new projects linked to the new strategy. Aligning our portfolio with the new strategy will take several years.



Peru – TOCACHE Cocoa Producers Cooperative – member of the cooperative

## New customer segments

### Social enterprises in French-speaking Switzerland

To diversify its geographical risk and get closer to its members located in the North, Philea will offer its services to stakeholders in the ecological and social transition in French-speaking Switzerland. Initial contacts have been established with APRES-GE, the chamber of the social and solidarity economy of the canton of Geneva.

### Greentech in the South and the North

Adapting to climate change will continue to require energy, which must be non-carbon and renewable (solar, wind, biogas, etc.). Low-cost solutions exist and one of the challenges will be to promote their dissemination via MFIs, which will involve tripartite collaborations between an MFI, a Greentech and Philea. Greentech, in the North as well as the South, have been identified. For example, initial discussions have taken place between Philea and the Albert Schweitzer Ecological Center.

## Other priorities

### The central issue of gender inequalities

Many studies show that improving women's living conditions has a direct impact on the environment: deforestation is reduced with access to biogas, schooling for young girls delays the age of having their first child, etc. Initially, the gender issue at Philea will mainly be reflected in:

- A priority given to women, clients of MFIs.
- A priority given to women business leaders in the SSE.

- Recruitment within Philea that reflects this strategic choice.

Subsequently, other gender dimensions may reinforce this priority.



Ecuador – COACSAC Savings and Credit Cooperative – member of the cooperative

### Strengthening Philea's equity

Philea is a cooperative with 130 members and a share capital of CHF 1'299'000 as of 31.12.2024. If Philea wants to relaunch its activities, a significant strengthening of its equity is necessary. This will highlight the renewed interest of its (new) members and facilitate the refinancing of Philea by impact or microfinance funds.

In the medium term, other avenues could be explored, such as the creation of a non-profit public limited company in partnership with other social shareholders. Although the cooperative route remains preferred, Philea will explore relevant avenues at the appropriate time.



Peru – Alpaca Breeders Cooperative COOPECAN – Processing Plant  
financed by Philea

### Strengthening Philea's management

Until now, Philea's management has been ensured by a single person, except for a short period when he was assisted by a communications director (2018-2022). Since the financial situation does not immediately allow for strengthening the management, it was decided that the Chairman of the Board of Directors will exercise a more executive presidency, with the current director being responsible for current affairs and administration. This adjustment will strengthen Philea's strike force without disrupting the organization chart.

### Areas of intervention

Historically, Philea has been committed to supporting institutions operating in difficult contexts, particularly in Latin America and French-speaking Africa.

Today, Philea's areas of intervention are defined both by its history and by the composition of its membership, the cooperative's mission being to meet the needs of its members. They are also influenced by the field expertise brought by the new members of the board of directors.

Philea operates in the following countries:

- Central America: Nicaragua, El Salvador, Guatemala.
- South America: Peru, Ecuador.
- West Africa: Burkina Faso.
- East Africa: Burundi.
- French-speaking Switzerland (from 2025).

## Maintaining the link in difficult environments

At first glance, carrying out economic activities in difficult areas may seem complex. However, a more detailed analysis reveals that not all regions are affected in the same way. The situation can also deteriorate after a loan has been granted, as was the case in Burkina Faso with our member Burkina Vert. Based in the Yatenga province in the north of the country, it benefited from a rescheduling of its loan due to the deterioration of the security context, which weakened its repayment capacity.

This flexibility is also one of the specific features of the loans granted by Philea: the repayment schedules adapt to the difficulties encountered by our members. Thanks to the proximity and expertise of our local correspondents, we are able to accurately assess their situation and assess their real level of risk.

Another notable example is that of Nicaragua in the 2010s, when a major crisis shook the microfinance sector. While many social investors chose to withdraw, Philea took the gamble of maintaining its financial commitments to its members. This choice resulted in some losses, but it fully reflects Philea's DNA: supporting its members even in adversity.

## Networks & partnership

One of Philea's priorities will be to regain visibility in the sector. This will result in the establishment of new partnerships and membership in networks of actors in the social and solidarity economy.

## Internationally

Philea, due to its cooperative form and members from 21 countries, is a network in itself. As part of these credit activities, Philea collaborates with:

- Other microfinance funds: Alterfin (Belgium), SIDI (France), FOGAL (Peru), Rabobank Foundation (Netherlands).
- Fair trade organizations ALTOMERCATO & ICAM (Italy), PROSPERA COFFEE (Germany), Walter Mater (Switzerland).

These collaborations make it possible to share risk and information while strengthening financial support for our members. In addition, by collaborating with fair trade organizations, we provide our members with commercial outlets, thus contributing to their sustainability.

At the end of 2024, Philea applied to join the FEBEA (European Federation of Alternative Banks) and plans to join other networks internationally and in Switzerland.

## In Switzerland & Geneva

Philea is a member of the FGC and actively participates in its institutional life. Its director has been a member of the information commission and the financial control commission for projects, and has served as internal auditor.

Philea is also a member of the PSA (Food Sovereignty Platform) and its director was a member of its steering committee until 2024.

It has collaborated on one-off projects (financial education training) with several members of the FGC, such as Graine de Baobab, UrbaMonde, SIT.

Philea is a member of APRES-GE with which a collaboration was initiated in 2023 to explore the possibility of working with ESS companies in the Lake Geneva region.

## Planning

ACTIVITIES	2025				2026				2027			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
New partnerships												
Philea's visibility												
Financial ressources												
Portfolio diversification												

## Financial projections 2025-2027

PHILEA   BALANCE SHEET (CHF)	déc-2024	déc-2025	déc-2026	déc-2027
<b>Cash &amp; bank</b>	<b>223'000</b>	<b>78'500</b>	<b>71'000</b>	<b>66'500</b>
Cash (FGC projects)	160'000	160'000	160'000	160'000
Short term assets	22'000	22'000	22'000	22'000
Outstanding portfolio (actual)	1'331'000	1'331'000	1'331'000	1'331'000
Outstanding portfolio (forecast)		250'000	500'000	825'000
Portfolio loan loss provision	-56'000	-80'000	-107'000	-139'000
<b>Net portfolio</b>	<b>1'275'000</b>	<b>1'501'000</b>	<b>1'724'000</b>	<b>2'017'000</b>
<b>TOTAL SHORT-TERM ASSETS</b>	<b>1'680'000</b>	<b>1'761'500</b>	<b>1'977'000</b>	<b>2'265'500</b>
Net fixed assets	165'000	165'000	165'000	165'000
<b>TOTAL ASSETS</b>	<b>1'845'000</b>	<b>1'926'500</b>	<b>2'142'000</b>	<b>2'430'500</b>
Short term liabilities	19'000	19'000	19'000	19'000
Long term borrowings	250'000	300'000	450'000	650'000
Projects allocated funds	160'000	160'000	160'000	160'000
<b>TOTAL DEBTS</b>	<b>429'000</b>	<b>479'000</b>	<b>629'000</b>	<b>829'000</b>
Annual result	124'000	5'500	40'500	63'500
Retained earnings	-1'312'000	-1'306'500	-1'266'000	-1'202'500
Reserves	1'429'000	1'429'000	1'429'000	1'429'000
Member's shares	1'299'000	1'325'000	1'350'000	1'375'000
<b>TOTAL EQUITY</b>	<b>1'416'000</b>	<b>1'447'500</b>	<b>1'513'000</b>	<b>1'601'500</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1'845'000</b>	<b>1'926'500</b>	<b>2'142'000</b>	<b>2'430'500</b>

In 2025, the portfolio growth will reach CHF 250'000, including at least one new project as well as the increase in existing commitments. A similar progression is expected in 2026, with a slight acceleration in 2027. To find new projects, from the end of 2024, Philea initiated contacts with new partners to facilitate the identification of new projects to finance.

To support this expansion, Philea will have to increase its long-term debt by CHF 25'000 in 2025, as well as the shares of its members for an equivalent amount. In 2026, this debt will have to increase by CHF 150'000, then by CHF 200'000 in 2027. To raise this funding, Philea will be able to rely on the network of contacts provided by the new members of the board of directors as well as on its affiliation with investor networks such as FEBEA or SFG. With the integration of a new project each year and the support of an additional social investor, Philea will be able to gain momentum and gradually implement its new strategy.

<b>PHILEA   PROFIT &amp; LOSS (CHF)</b>	<b>déc-2024</b>	<b>déc-2025</b>	<b>déc-2026</b>	<b>déc-2027</b>
Portfolio income	106'000	127'000	149'000	174'000
Other income (FGC)	48'000	50'000	75'000	90'000
<b>TOTAL INCOME</b>	<b>154'000</b>	<b>177'000</b>	<b>224'000</b>	<b>264'000</b>
Financial expenses	-3'000	-28'000	-40'000	-57'000
<b>GROSS MARGIN</b>	<b>151'000</b>	<b>149'000</b>	<b>184'000</b>	<b>207'000</b>
Salaries	-110'000	-110'000	-110'000	-110'000
Operational	-26'000	-28'500	-28'500	-28'500
<b>S/total operational expenses</b>	<b>-136'000</b>	<b>-138'500</b>	<b>-138'500</b>	<b>-138'500</b>
<b>OPERATIONAL RESULT</b>	<b>15'000</b>	<b>10'500</b>	<b>45'500</b>	<b>68'500</b>
FX Gain/loss	114'000			
Profit tax	-5'000	-5'000	-5'000	-5'000
<b>ANNUAL RESULT</b>	<b>124'000</b>	<b>5'500</b>	<b>40'500</b>	<b>63'500</b>

The restructuring measures implemented in 2024 have made it possible to stabilize the operational result at CHF 15'000. For 2025, the income statement includes a provision for risk equivalent to 1.5% of the portfolio outstanding, which explains the significant increase in financial expenses. From 2026 and 2027, the annual result should be consolidated, subject to maintaining salary costs at a constant level. In addition, the restructuring efforts and the revision of procedures should contribute to improving the team's productivity.

### Assumptions

Doubling of the portfolio outstanding by combining the following financing:

- Increase in social shares CHF +25'000 / year.
- Outstanding amounts of social investors CHF ~650'000 (2027).

Rebalancing of the portfolio outstanding and the nature of the projects financed:

- Latin America 60%.
- Africa 30%.
- Europe (ESS) 10%.

In 2027, >30% of the outstanding portfolio will be dedicated to climate change-related projects.

### Philea's impact

Innovative at its creation by facilitating access to credit for producer cooperatives that would never have been considered by local banks, Philea intends to write a new page in the social and solidarity economy with its new strategy.

The members of the South, beneficiaries of Philea's financial services, have strong rural roots and, for the most part, are agricultural producer cooperatives (coffee, cocoa, alpaca, etc.). The impact for their members is direct and significant and Philea is proud to be able to support them effectively.

## Strengthening impact monitoring

In the early days, impact monitoring was not a priority, with the emphasis being put on carrying out financial transactions with its members. Indirectly, the impact was observed but was not the subject of a consistent and regular data collection procedure.

In the future, Philea will work with its members to strengthen and systematize data collection to better report on Philea's impact.

## SDGs

The following SDGs are considered by Philea's activities.

SDG 1	SDG 3	SDG 4	SDG 5	SDG 6	SDG 7	SDG 8
No poverty	Good health and well-being	Quality education	Gender equality	Clean water and sanitation	Affordable and clean energy	Decent work and economic growth
SDG 9	SDG 10	SDG 12	SDG 15	SDG 16	SDG 17	
Industry, innovation and infrastructure	Reduced inequalities	Responsible consumption and production	Life on land	Peace, justice, and strong institutions	Partnerships for the goals	



Burkina Faso – I-RAD Association – Savings and credit groups project financed by the FGC

STRENGTH	WEAKNESSES
<ul style="list-style-type: none"> <li>• Long experience in financing the social economy.</li> <li>• Diversified international network (members, local correspondents, partners, etc.).</li> <li>• Portfolio of 10 credits (CHF 1.3m).</li> <li>• New Board of Directors.</li> <li>• Balanced income statement.</li> <li>• New strategy focused on adaptation to climate change.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of financial resources.</li> <li>• Absence of a reserve that can protect the shares.</li> <li>• Reduced executive team.</li> <li>• Lack of visibility among impact finance players.</li> <li>• Hybrid membership hinders the definition of a clear strategic line.</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Urgency to support adaptation to climate change.</li> <li>• Interest of donors for this topic.</li> <li>• Growing demand for support from our members.</li> <li>• Less competition, more partnerships.</li> </ul>	<ul style="list-style-type: none"> <li>• Accelerated climate degradation.</li> <li>• New wars, revolt of the global South.</li> <li>• Economic crisis, increased austerity.</li> </ul>