Inpulse

ACTIVITY
REPORT
2019

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A BRAND-NEW IMPACT REPORT

Impact is becoming a new credo but, more than nice talks, we believe that it is important to demonstrate the true meaning of our actions. This goes beyond words and figures because ultimately, we aim to improve peoples' quality of life. In a report like this, we share our experience and communicate on the vision from the field, while referring to existing benchmarks and universally accepted standards.

We operate in a rapidly changing environment, which recent months have proven that nothing is to be considered for granted. Impact is more than ever the link that could potentially unite rising expectations from investors with the expansion of needs from microfinance institutions, social businesses and small entrepreneurs.

With this report, we also hope to better explain the Inpulse approach: what we do, how we do and for whom we do.

TIMELY INFORMATION DURING PERIOD OF CRISIS

COVID-19 will be remembered as one of the great crises in modern history that had an extremely widespread impact on the vast majority of the world population. While governments are focusing on national recovery, it is also important not to lose sight of our local partners in their respective countries.

In the midst of a crisis like this one, our role is more important than ever to continue creating positive impact in the lives of many vulnerable people.

LET'S EMBARK!

Impact is a journey worth taking distance from and asking oneself an honest question about whether one's actions are really aligned with mission and goals. Inpulse staff fully contributed to this first impact report with this credo in mind. We sincerely hope to provide clear information on where we are and where we want this journey to lead us. We are happy to share this impact report with you. Enjoy the reading!

We will be happy to share more with anyone interested to contribute and support our actions.

Bruno Dunkel
General Manager

INPULSE AT A GLANCE

WHO WE ARE

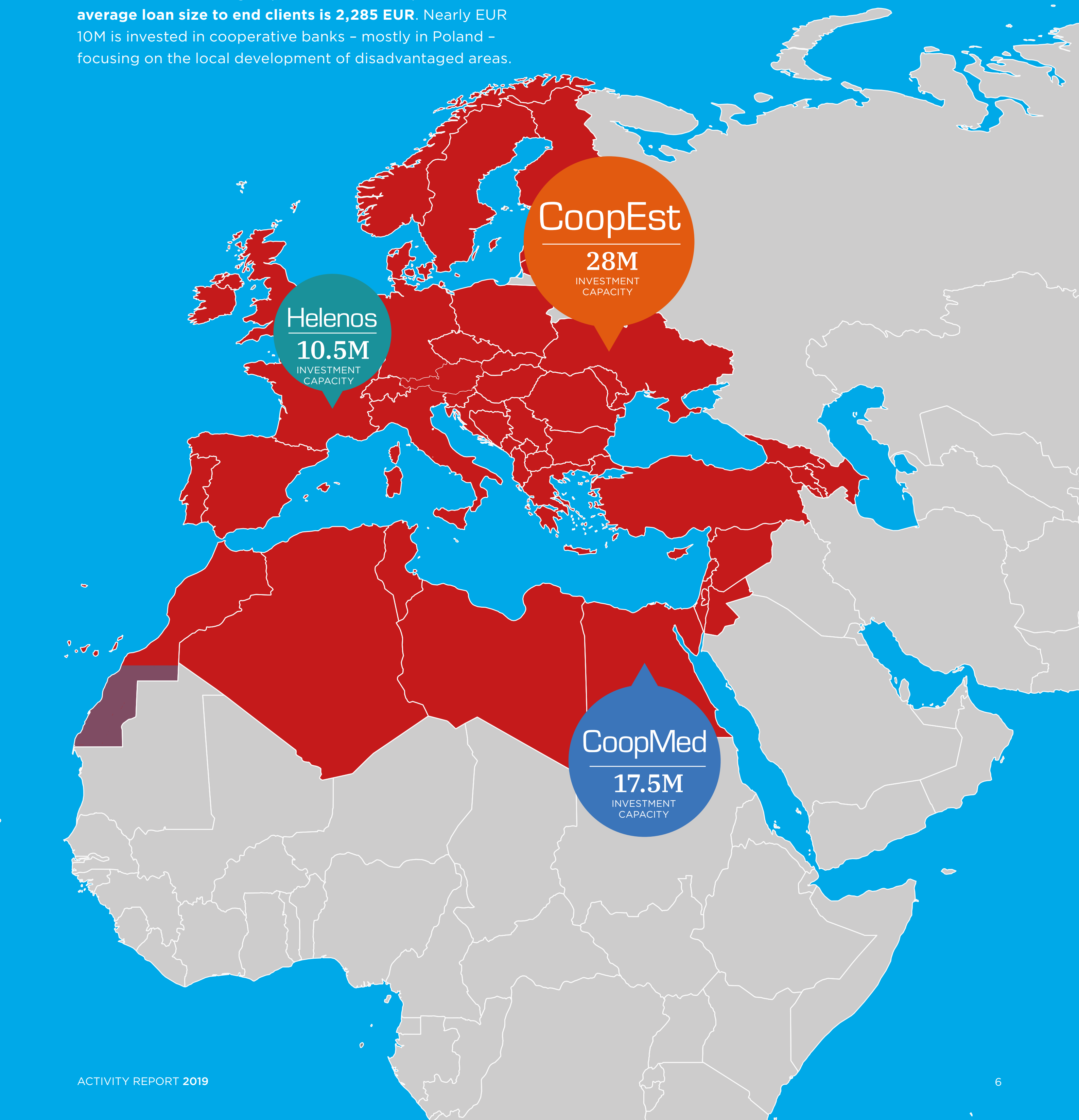
Inpulse is a Brussels-based investment manager with **distinctive know-how in social investments and microfinance**. From a core expertise in cooperative equity financing, we developed strong skills in supporting alternative investment funds that provide **long-term financing to socially-driven financial intermediaries**. The primary goal of our investments is to empower excluded, low-income beneficiaries and to promote positive changes in their lives. The UN SDGs provide the main framework to develop our mission. By **tracking specific social indicators**, we are able to show how we contribute to the SDGs and monitor the evolution of our impact targets. Inpulse also maintains strong connections with leading microfinance and social economy networks, and engages in multiple partnerships to ensure a sound understanding of the markets where we operate.

AMBITION & MISSION

Inpulse aims to be a leader in long-term inclusive finance that empowers vulnerable groups. Inpulse strives to **foster cooperative values, boost local economies and encourage social inclusion through entrepreneurship**. To achieve these goals, the Inpulse team commits to: **tailor and engineer fair financial and non-financial services** to serve inclusive financial institutions; support investment vehicles sharing the same ambition; leverage resources addressed to responsible economic initiatives; and, **operate as an impact-driven organization** tracking the social impact of every investment, in an effort to help public and private investors generate better outreach at the microlevel.

INVESTMENT & PORTFOLIO

As of the end of 2019, Inpulse funds have invested in 40 partner institutions across 15 countries for a total outstanding amount of EUR 38M. **We actively support 3 MIVs: CoopEst, CoopMed and Helenos**. 68% of the portfolio boosts small and medium-sized MFIs that are strongly involved in financial inclusion of excluded groups and micro-enterprises. **The average loan size to end clients is 2,285 EUR**. Nearly EUR 10M is invested in cooperative banks – mostly in Poland – focusing on the local development of disadvantaged areas.



KEY FIGURES

ASSET UNDER MANAGEMENT
56M EUR

OUTSTANDING PORTFOLIO
38M EUR

TARGET COUNTRIES
14

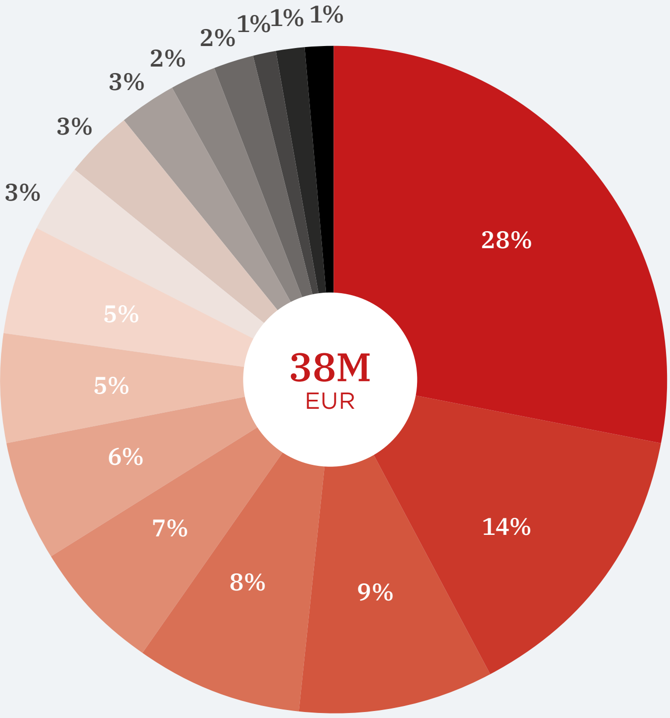
FRAGILE STATES
3

LOANS OUTSTANDING
68

AVG LOAN PER INVESTEE
559K EUR

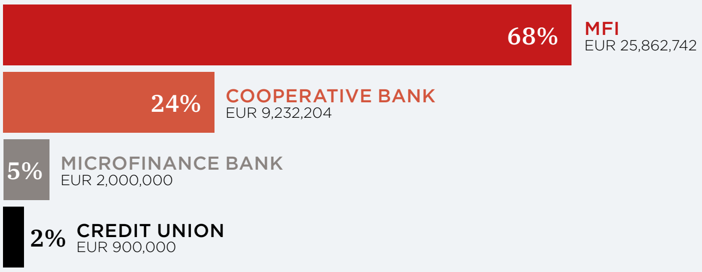
ACTIVE LOANS TO FINAL CLIENT
355,780

PORTFOLIO BY COUNTRY

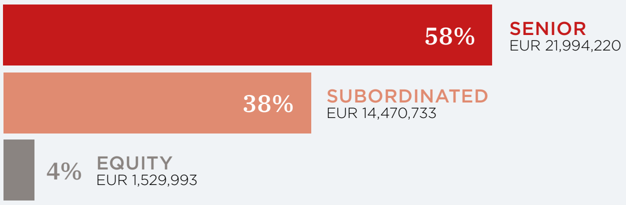


Poland	EUR 10,662,483
Romania	EUR 5,480,264
Kosovo	EUR 3,500,000
Lebanon	EUR 3,053,439
Morocco	EUR 2,500,000
Palestine*	EUR 2,176,797
Bosnia&Herz	EUR 2,000,000
Serbia	EUR 2,000,000
Macedonia	EUR 1,300,000
Bulgaria	EUR 1,300,000
Denmark	EUR 1,000,000
Jordan	EUR 822,233
Tunisia	EUR 750,000
Montenegro	EUR 500,000
Albania	EUR 500,000
Moldova	EUR 450,000

PORTFOLIO BY INSTITUTION



PORTFOLIO BY INSTRUMENT



*This designation does not entail any recognition of Palestine as a state and is without prejudice to positions on the recognition of Palestine as a state.

PEOPLE

Inpulse has a dedicated team of multilingual and multi-skilled professionals committed to bring positive change in the life of financially-excluded people. We are based in 2 countries (Belgium and Poland) with 16 staff in Brussels, 1 in Paris and 4 in Warsaw. The management and investment teams have **extensive experience in due dilligence, risk and AML/FT management and portfolio monitoring in the social economy**, microfinance and the informal sectors. The geographical scope or our staff experience covers the entirety of the European Union, neighboring countries, Africa, MENA and Latin America.

BRUNO DUNKEL
General Manager

NICOLAS BLONDEAU
Manager

IZABELA NOREK
Investment Manager

MONIKA CZERWINSKA
Investment Officer

LAURENCE MAY
Risk and Compliance Manager

MICHAL RADZIWILL
Manager

JOANNA WARDZINSKA
Senior Investment Advisor

JUSTINE PALERMO
Investment Manager

STAFF MEMBERS
16

WOMEN STAFF
63%

NATIONALITIES
9

YEARS OF EXPERIENCE
277

SPOKEN LANGUAGES
9

OFFICE LOCATIONS
3


ZHARA KIMDJEE
Senior Investment Adviser


IMAD HAIDAR
Investment Officer


CLEMENT ANDRÉ
Project Officer


FRANCESCO GRIECO
SPM & Communication Manager


ANA PRADO
Internal Control & Compliance


KARINA NAVARRO
Green Project Development Officer


LUCIE RABIER
Project Officer


VALÉRIE VALENTE
Administration and Support

OUR INVESTORS

SOCIAL ECONOMY INVESTORS & BANKS

CREDIT COOPERATIF

Cultura Bank

SOFICATRA

APS bank

PROMETHEUS PENSIONSKASSA

la Nef finance éthique

ESFIN

CASSA PADANA

TISE

popolare Banca Etica

BRED BANQUE POPULAIRE

SEFEA

IDES INSTITUT DE DÉVELOPPEMENT DE L'ÉCONOMIE SOCIALE

BNP PARIBAS

MERKUR

Cooperazione Trentina

DEVELOPMENT FINANCE INSTITUTIONS (DFIS)

AFD AGENCE FRANÇAISE DE DÉVELOPPEMENT

EUROPEAN INVESTMENT FUND

European Investment Bank

IMPACT & RESPONSIBLE INVESTORS

ECOFI INVESTISSEMENTS GROUPE CREDIT COOPERATIF

SGB

Up

PhiTrust Partenaires

mirova Responsible Investing

FRANCE ACTIVE Les entrepreneurs engagés

SIDI SOLIDARITÉ INTERNATIONALE POUR LE DÉVELOPPEMENT ET L'INVESTISSEMENT

MUTUAL INSURANCE COMPANIES

Solimut Mutuelle de France

MACIF

MAIF

mutac LA MUTUELLE PRÉVOYANCE OBSÈQUES

SMA

1993

Soficatra becomes the first ever European Investment company dedicated to the development of the Social Economy sector within the EU. Inpulse is acting as technical support of Soficatra investment activities

2006

Launch of **CoopEst** debt Fund targeting Central and Eastern Europe. Inpulse provides administration support and gains its first experience in the microfinance sector

2009

The **European Investment Fund** (EIF) enters CoopEst shareholding

2013

Inpulse becomes a subsidiary of the French **Credit Coopératif**, member of BPCE Group, 2nd banking group in France

2015

Launch of **CoopMed** debt Fund dedicated to MENA region – the European Investment Bank is one of the initial investors

2018

Launch of **Helenos** equity Fund addressing the entire EU and accession countries, with the support of the European Commission and the European Investment Fund

2019

Agence Française de Développement (AFD) has become CoopMed investor. Inpulse supports AFD in the assessment process of a dedicated program for women social entrepreneurship in the MENA region

2020

March 2020, Inpulse receives his **full license as manager of alternative investment funds** by the Belgian Financial Services and Market Authority (FSMA)

TODAY

With a team based in two countries (Belgium and Poland), Inpulse supports a total aggregate impact investment capacity of EUR 56M

OUR FUNDS

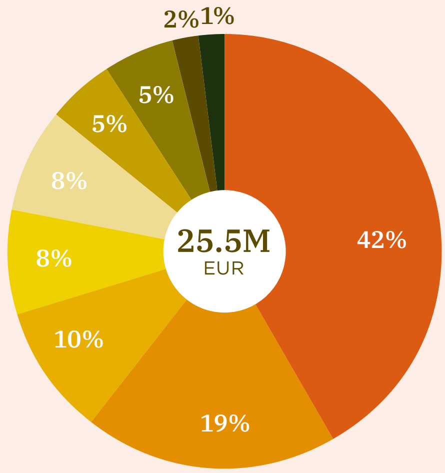
Historically rooted in the Social Economy sector in Europe, Inpulse strives to promote, to the largest extend possible, **social and cooperative values through the funds administrated**. Always capitalizing on its field experience, on its partners and on proven financing models, Inpulse is contributing for more than 30 years to the development of a sound and balanced Inclusive Finance sector in Europe and beyond.

CoopEst

The mission of CoopEst is to foster the development of a socially-rooted financial sector in Central and Eastern Europe and the Caucasus (CEEC). To support financial inclusion and the development of income generating activities, CoopEst provides subordinated and senior debt to eligible financial intermediaries, enabling them to leverage further funding and to expand their outreach.

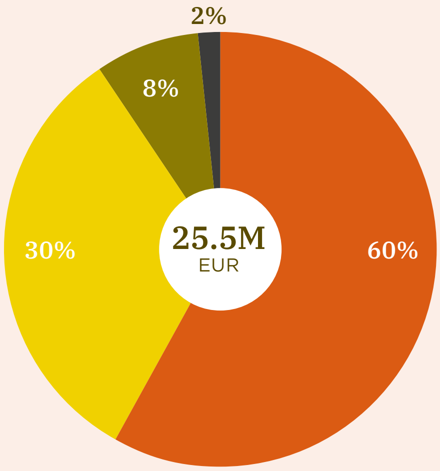
QUOTE FROM INVESTOR

> "Crédit Coopératif has been a key anchor investor in CoopEst since the start and is one of the main bondholders. The bank fulfills its mission to promote financial inclusion and entrepreneurship not only in France but across all of Europe. With a long history of investment in Poland (starting in 1991), it was natural for Crédit Coopératif to extend its support via CoopEst in 2004 to other Eastern countries willing to foster job creation through microfinance and to empower civil society actors."
>
> *Cyrille Langendorff,* Crédit Coopératif



PORTFOLIO PER COUNTRY

🟥 Poland	EUR 110,662,483
🟧 Romania	EUR 4,800,000
🟧 Kosovo	EUR 2,500,000
🟨 Bosnia&H	EUR 2,000,000
🟨 Serbia	EUR 2,000,000
🟨 Bulgaria	EUR 1,300,000
🟩 Macedonia	EUR 1,300,000
🟫 Montenegro	EUR 500,000
⬛ Moldova	EUR 450,000



PORTFOLIO PER SECTOR

🟥 MFI	EUR 14,880,000
🟨 Cooperative Bank	EUR 8,232,474
🟩 Microfinance Bank	EUR 2,000,000
⬛ Credit Union	EUR 400,000

INVESTMENT CAPACITY

28M
EUR

OUTSTANDING PORTFOLIO

25.5M
EUR

COUNTRIES

9

INVESTEES

29

LOANS OUTSTANDING

48

AVERAGE LOAN PER INVESTEE

532K
EUR

AVERAGE LOAN PER END CLIENT

2,020
EUR

IMPACT OUTCOMES & SDGS

Active clients
130,341

Loans to poor people (< GNI p.c.)
83%

Loans to unbanked people
9,316

Loans to rural clients
58%

Loans for agriculture/livestock
35%

Loans for sustainable agricultural/ livestocklivestock
7,066

Youth
4,049

Smallholders farmers (≤ 2 ha)
4,474

Micro-enterprises
75,379

Loans to women clients
43%

Women in workforce
45%

Women in senior manager position
52%

Jobs created or maintained final clients
60,685

Loans to new businesses
4,706

Loans to existing businesses
34%

HIGHLIGHTS 2019

2019 was a good year for CoopEst. Of the **EUR 6.975.000 of bonds maturing at the end of the year, 4,050,000 was renewed** by the Groupe MACIF, Merkur Bank, Banca Etica, funds under management of Ecofi and Crédit Coopératif. It gives CoopEst the capacity to make additional investments in 2020. **The portfolio quality was good**, with one uncertain client, IM (Poland), repaying its debt as scheduled and one client – a Polish cooperative bank – in the «Special Mention» category, the same level as in 2018. CoopEst continues to **finance its current clients (some of them for more than 10 years)** who are middle- and small-size, financially-strong and socially-committed microfinance institutions. Since the fund is maturing in December 2023, it is not focusing on pipeline development.

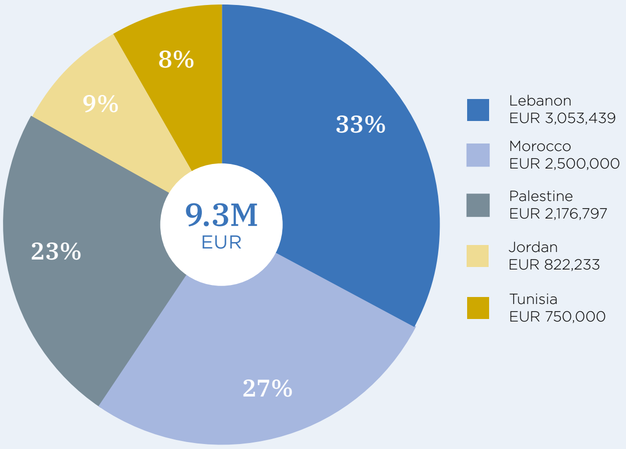
FOCUS FROM PORTFOLIO

In September 2019, a third loan of EUR 150,000 to **Smart Credit (Moldova)** was approved (thus increasing CoopEst exposure to EUR 450K). Smart Credit is a small, rural Moldovan MFI, based in Ungheni, the 7th largest town of the country. In 2016, when the first loan to Smart Credit was granted, CoopEst was the first international investor (after Kiva) and the loan portfolio was of EUR 1.2M. After four years, thanks to the support of CoopEst, the MFI works with 2 other international MIVs and the loan portfolio has reached EUR 3.8M. The portfolio is in good quality and continues to serve the poor. Since its foundation, Smart Credit provides financial support to micro and small entrepreneurs and agricultural producers. The first loan was given to a woman of a village who needed 5,000 MDL (EUR 278) to purchase grain and seeds as well as a machine to ameliorate the soil. The institution **focuses on providing financial services to economically active poor people** who are excluded from the banking system: **98% of outstanding loans in 2019 were below the Moldovan GNI per capita (EUR 3,450)**. They provide services primarily in rural areas (68% of portfolio) to support income-generating activities and family needs (50% of outstanding portfolio is dedicated to housing projects).

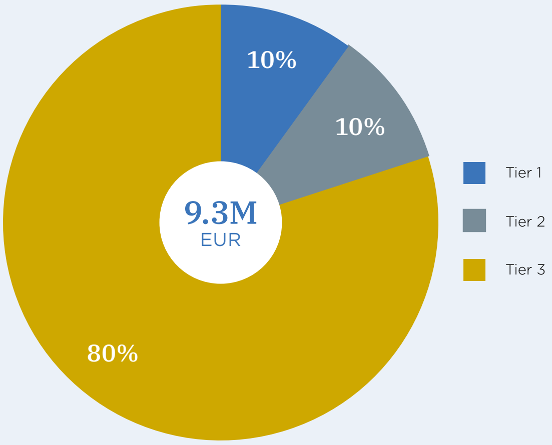
CoopMed

Launched in 2015, CoopMed supports the creation of employment and economic activities promoted by the local civil society. CoopMed promotes innovative social entrepreneurship initiatives in the MENA region. The fund offers subordinated and senior loans to MFIs, local banks and mutual companies. CoopMed applies a strong social performance policy with the support of a dedicated technical assistance facility.

PORTFOLIO PER COUNTRY



PORTFOLIO PER TIER



QUOTE FROM INVESTOR

> It has been over 30 years since AFD Group committed to promote inclusive finance worldwide, and especially in the African market. Thanks to the variety of financial tools developed, the AFD Group can provide assistance the whole microfinance sector. The support of CoopMed is part of AFD's commitment to inclusive finance in the MENA region, where financial exclusion is still very high. A Technical Assistance Facility aims at building capacities and improve resilience of CoopMed investees on the long run.

Bruno Vindel
AFD

INVESTMENT CAPACITY

17.5M EUR

OUTSTANDING PORTFOLIO

9.3M EUR

COUNTRIES

5

INVESTEES

10

LOANS OUTSTANDING

15

AVERAGE LOAN PER INVESTEE

620K EUR

AVERAGE LOAN PER END CLIENT

957 EUR

HIGHLIGHTS 2019

2019 is the 4th year of CoopMed operations. In 4 years, we have succeeded in proving our strong additionality through our unique market position: serving middle and small size institutions in the MENA region. As of December 2019, **90% of our clients have a total balance sheet under USD 20M** (equivalent in local currency). 40% of clients had never accessed an international lender before CoopMed intervention. Our **financial intervention, combined with technical assistance**, has allowed our clients to sustainably grow and increase their outreach.

2019 was dedicated to the development of the portfolio pipeline: 2 new clients have been integrated into the portfolio: IBDAA in Lebanon and ATTADAMOUNE in Morocco. Advanced contacts have also been made with microfinance institutions in Egypt.

Complementary to our committed Board of Directors, CoopMed has integrated an advisory committee into its governance, composed of European Investment Bank and Agence Française de Développement (AFD) representatives. Finally, **in 2019, CoopMed has welcomed 2 new members of the team**: Zahra Khimdjee and Clément André, reinforcing our skills and expertise to better serve our clients and investors.

FOCUS FROM PORTFOLIO

ACAD (Palestinian Territories) was originally a small-scale, **NGO** created in 1988 with the **mission of bringing loans to farming communities**. In 30 years of operations, the NGO has transformed into a full-fledged, regulated microfinance institution with international shareholders and a recognized expertise to finance the most vulnerable, while remaining faithful to its mission: 57% of its portfolio is in rural areas and **72% of outstanding loans are below GNI per capita**.

ACAD Finance was one of CoopMed first clients. A loan of EUR 550K (USD 600K) was signed in October 2016 and in December 2019 our total outstanding reached EUR 1.4M. ACAD Finance has also benefited from CoopMed **TA to support the development of their 2019-2023 strategy** and business plan.

From 2016 to 2019, ACAD Finance enjoyed **sustained growth despite a very difficult macro context**. In these 3 years, ACAD has financed 4,465 loans for a total of USD 20,9M. Supported by strong shareholders, such as SIDI who is also a shareholder and partner of CoopMed, a professional and dedicated team and sound procedures, ACAD Finance continues to pursue its growth with support from CoopMed.

IMPACT OUTCOMES & SDGS

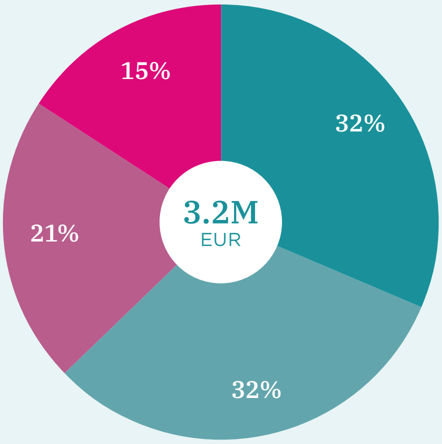
Active clients	191,208
Loans to poor people (< GNI p.c.)	76%
Loans to unbanked people	104,363
Loans to rural clients	42%
Loans for agriculture/livestock	7%
Loans for sustainable agricultural/ livestocklivestock	3,282
Youth	51,819
Refugees	10,842
Micro-enterprises	156,119
Loans to women clients	59%
Women in workforce	54%
Women in senior manager position	45%
Jobs created or maintained final clients	21,454
Loans to new businesses	10%
Loans to existing businesses	54%

Helenos

Helenos was launched as a successor fund of CoopEst, in order to strengthen the solvency of socially responsible financial intermediaries across Europe. Accordingly, Helenos will invest mostly through equity and subordinated debt. Helenos benefits of the European Union EaSI Support, through the European Investment Fund.

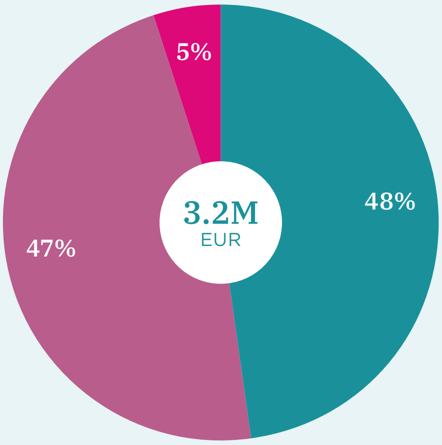
QUOTE FROM INVESTOR

> The European Investment Fund is proud to be a significant shareholder of Helenos, through its investment in the junior tranche. Since its launch, Helenos proves to be a much-needed tool to strengthen the solvability of small and medium social financial institutions across Europe and it has an excellent policy fit with the EaSI capacity building programme.
>
> *Per-Erik Eriksson,* European Investment Fund (EIF)



PORTFOLIO PER COUNTRY

■	Kosovo	EUR 1,000,000
■	Denmark	EUR 1,000,000
■	Romania	EUR 680,263
■	Albania	EUR 500,000



PORTFOLIO BY TYPE OF LOAN

■	Equity	EUR 1,530,000
■	Subordinated	EUR 1,500,000
■	Senior	EUR 150,000

INVESTMENT CAPACITY

10.5M
EUR

OUTSTANDING PORTFOLIO

3.2M
EUR

COUNTRIES

4

INVESTEES

5

LOANS OUTSTANDING

5

AVERAGE LOAN PER INVESTEE

635K
EUR

AVERAGE LOAN PER END CLIENT

7,057
EUR

IMPACT OUTCOMES & SDGS

Active clients
41,726

Loans to poor people (< GNI p.c.)
86%

Loans to unbanked people
5,574

Loans for renewable energy or energy efficiency
2,438

Environmental loans
719

Youth
4,000

Micro-enterprises
34,735

Loans to rural clients
57%

Loans for agriculture/livestock
41%

Loans for sustainable agricultural/ livestocklivestock
325

Loans to women clients
30%

Women in workforce
44%

Women in senior manager position
41%

Jobs created or maintained final clients
25,790

Loans to existing businesses
30%

HIGHLIGHTS 2019

2019 was **the first full year of operations for Helenos**. The portfolio is progressively being built, targeting both social enterprises and microfinance clients. The fund received 17 formal requests from small and medium responsible financial intermediaries based in Europe, indicating that the fund was expected and fills a gap in the market. **Strengthening the solvency of small and medium financial institutions** remains a core feature to serve more micro and social entrepreneurs: Helenos is poised to answer this urgent market need.

After an in-depth analysis of each of the 17 funding requests, **Helenos made its 5 first investments in Denmark, Romania, Albania and Kosovo**.

FOCUS FROM PORTFOLIO

FAER Fondation (Romania) was created in the 1990’s within the framework of «Romanian Village Operation» **in response to the «systematization of the territory» policy of President Ceaucescu**, who, in an objective control of the population, decided to displace farmers into suburban areas of the largest cities. This movement of protest led to a sponsorship programme of thousands of Romanian farmers by Western European municipalities, and then, after the fall of the Berlin Wall, became a large movement of humanitarian support.
FAER Foundation **started its activities in the 1990’s thanks to grants coming from Western Europe**. FAER progressively organized their activities and launched a microfinance institution, which is a subsidiary of the Foundation. Today, FAER is **active in the rural areas of Transylvania**. Its head office is located in Reghin, a small city famous for its violin making industry and wood furniture manufacturing. In line with its original objective of supporting rural areas, the majority of its portfolio finances agricultural activities.
Helenos is proud to hold 18% of this institution and sit on its Board of Directors. To ensure its strong social and environmental impact, Helenos and FAER agreed to include **strong commitments** into the legal documentation, such as the implementation of an environmental policy **to diminish its ecological footprint and a commitment to keep at least 70% of its portfolio in rural areas**. Through its Board participation, the Helenos representative will closely monitor the implementation of those commitments.

Impact is becoming a new credo but, more than nice talks, we believe it is important to also demonstrate the true meaning of our actions.

IMPACT
REPORT
2019

FROM SOCIAL PERFORMANCE TO IMPACT MANAGEMENT

TOWARDS A NEW ESG SYSTEM

Having a **performant impact measurement system** is a substantial challenge, which requires a constant evolution in evaluation methods to ensure that it adapts to different contexts and clients. For Inpulse, 2019 has been a transition year towards the building of a brand new ESG System. The main characteristics of our new tool, which will be completely operational in 2020, are illustrated below:

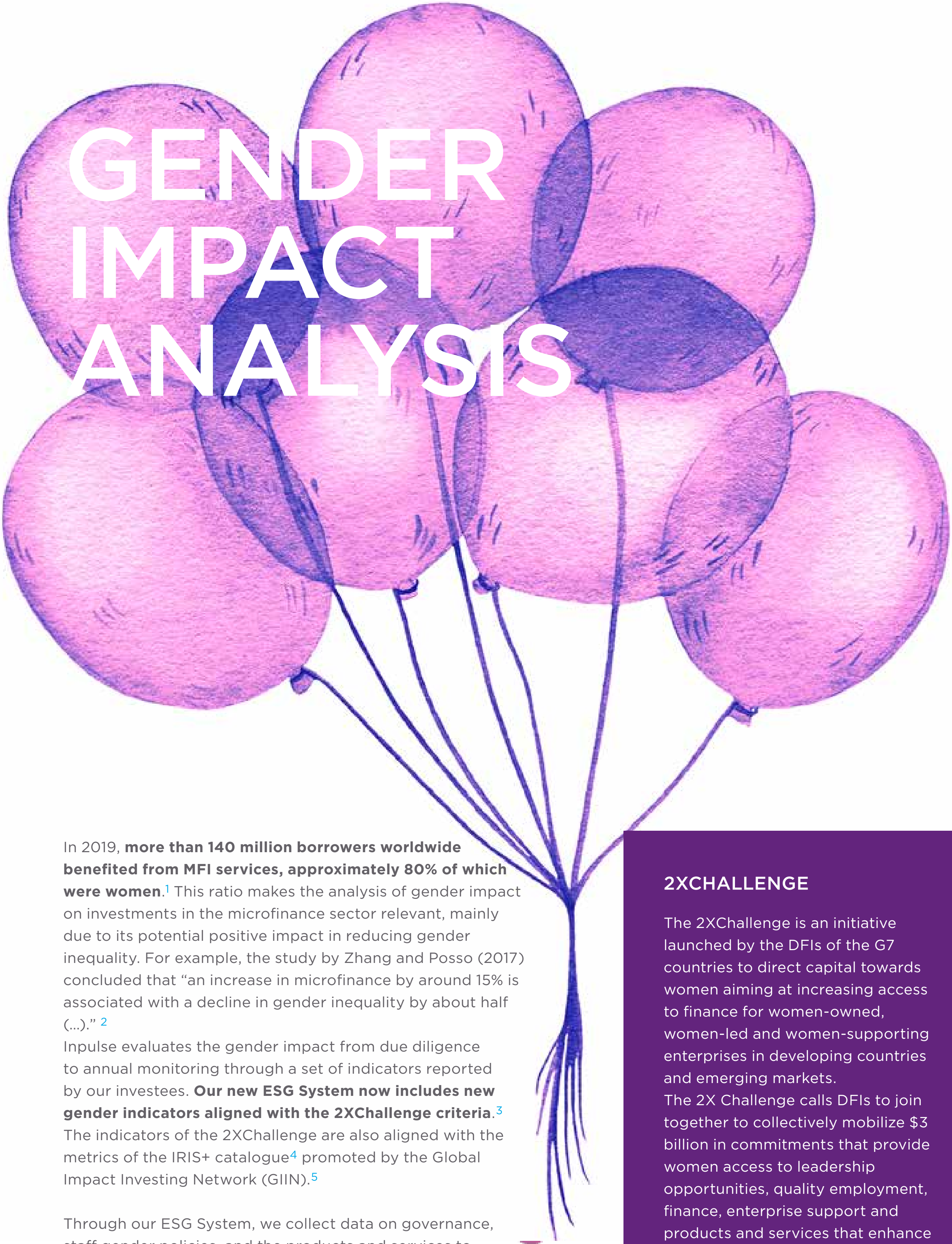
1. **Pushing standardization forward**. Our ESG System is built upon the worldwide best practices for inclusive finance: the Universal Standards of the Social Performance (USSPM) Task Force, the Global Investing Network (GIIN-IRIS) guidelines, the Smart Campaign for client protection Principles. We aligned our green analysis with the CERISE SPI4 Green Index. Likewise, the gender dimension is analyzed through the 2xChallenge lens.
2. **New focus on Gender and Governance**. We built new quantitative and qualitative indicators that enable us to perform a more in-depth analysis of female empowerment and good governance practices.
3. **"Triple bottom line" approach**. Our understanding of impact investing establishes a more direct relationship between the generation of positive, environmental impact beyond social and financial returns.
4. **Complete integration of UN SDGs**. We believe in the UN SDGs as the key language to show our contribution to global sustainable development. For this reason, our ESG System is now able to measure and score the level of SDG achievement based on quantitative and qualitative indicators collected from our investees.

Thanks to these improvements and efforts, we are methodically building our own theory of change that will benefit, at different levels, our final clients, investees and investors.

THE SOCIAL SCORECARD

Awareness towards social and environmental outcomes beyond financial returns has increased consistently in recent years. Inpulse is increasingly committed to improving its **impact analysis of the investments** it makes to clients.
Based on the strong experience acquired in social finance and microfinance during the last 15 years, **we developed a Social Scorecard in 2017** to help our decision-makers make investment decisions aligned with the social mission of our funds. Inspired from the SPI4 (Cerise), the main purpose of the Social Scorecard is to **provide an immediate overview of client's social performance** by visually highlighting their strengths and weaknesses over 4 dimensions (Social Mission, Products & Services, Outreach, Staff Treatment). Based on our social smartsheet, a matrix of **30 quantitative and qualitative indicators**, we ensure that each investment adheres to the objectives of our investors and clients. Each new investment gets a social score between 0 and 100. The scoring system is designed **to test the consistency of a client's operations with their stated social mission.**

GENDER IMPACT ANALYSIS



In 2019, **more than 140 million borrowers worldwide benefited from MFI services, approximately 80% of which were women**.[1] This ratio makes the analysis of gender impact on investments in the microfinance sector relevant, mainly due to its potential positive impact in reducing gender inequality. For example, the study by Zhang and Posso (2017) concluded that “an increase in microfinance by around 15% is associated with a decline in gender inequality by about half (...).” [2]

Inpulse evaluates the gender impact from due diligence to annual monitoring through a set of indicators reported by our investees. **Our new ESG System now includes new gender indicators aligned with the 2XChallenge criteria**.[3] The indicators of the 2XChallenge are also aligned with the metrics of the IRIS+ catalogue[4] promoted by the Global Impact Investing Network (GIIN).[5]

Through our ESG System, we collect data on governance, staff gender policies, and the products and services to women provided by our investees. The main objective is to measure our contribution to close the gender gap through our investments and track the long-run progress. For 2019, we analyzed and benchmarked the data collected through **4 of the 5 criteria established by the 2Xchallenge initiative**: Entrepreneurship, Leadership, Employment, and Consumption.

2XCHALLENGE

The 2XChallenge is an initiative launched by the DFIs of the G7 countries to direct capital towards women aiming at increasing access to finance for women-owned, women-led and women-supporting enterprises in developing countries and emerging markets.

The 2X Challenge calls DFIs to join together to collectively mobilize $3 billion in commitments that provide women access to leadership opportunities, quality employment, finance, enterprise support and products and services that enhance economic participation and access.

The 2XChallenge has established 5 evaluation criteria to track impact and set thresholds to benchmark the achievements of actions to contrast gender gap.

WOMEN ENTREPRENEURSHIP

Female entrepreneurship is generally one of the most difficult impact indicators to measure due to the lack of data from financial intermediaries. Thanks to the annual data from our MFIs, in 2019 we counted a total of 225,469 business loans[6], of which 123,899 were distributed to women, revealing **that 55% of businesses were founded (or maintained) by women**. The 2XChallenge measure for entrepreneurship stipulates that "Female founders must represent the majority of the total founders": our result satisfactorily exceeds this threshold.

GENDER ANALYSIS - INPULSE

OUR INDICATORS

- **Businesses founded** (or maintained) by women (%). **55%**

2XCHALLENGE INITIATIVE

CRITERION	THRESHOLD
Women ownership or business founded by a woman	>50%

WOMEN LEADERSHIP

Women's leadership in the financial services sector globally remains very low. In 2019, it was 21,9% and is only projected to reach 31% by 2030[7]. Accounting for the indicators related to women's participation in managerial positions and the Board of Directors, we measured the women's leadership dimension among our investees.

Of the 181 senior managers of the MFIs in our portfolio, 84 were women, thus representing 46% of women in senior management positions. This result nearly doubles the threshold set by 2XChallenge for the financial services sector. Furthermore, of the 140 members of the Board of Directors, 42 were women. This represents **female Board participation of our investees equivalent to 30%**. This result is within the limit established by the 2XChallenge and exceeds the global Oliver Wyman 2019 findings of 23%.[8]

GENDER ANALYSIS - INPULSE

OUR INDICATORS

- Women in **senior management** positions (%) **46%**
- Women on the **Board of Directors** (%) **30%**

2XCHALLENGE INITIATIVE

CRITERION	THRESHOLD
Women in senior leadership or women on the Board	25%
Women on the Board or Investment Committee	30%

WOMEN IN THE WORKFORCE

Regarding women in the labor force, in 2019 our investees reported a total of 3,560 employees, of which 1.806 were **women**: **51% of the workforce**. Additionally, 45% of the loan officers working for our partner institutions were women. These results positively exceed the 40% limit established by the 2XChallenge for the financial services sector.

92% of our investees have policies or contractual agreements that include gender non-discrimination and prevention of gender-based violence in the workplace. In addition, **50% of our investees offer additional benefits** to improve women's condition of employment. Although our investees focus on gender equality, there is still a long way to go to achieve equitable conditions for women beyond the legal regulations of each country.

GENDER ANALYSIS - INPULSE

OUR INDICATORS

Women in the **staff** (%)	51%
Women as **loan officers** (%)	45%
Investees with policies including gender **non-discrimination in the workplace** (%)	92%
Investees offering **additional benefits** to improve women's condition of employment (%)	50%

2XCHALLENGE INITIATIVE

CRITERION	THRESHOLD
Women in the workforce	40%
Existence of policy/ program to advance women in the workforce	In place

FINANCIAL SERVICES TO WOMEN

In this section, we analyze gender impact through two major indicators: the first is the offering of specific financial products to women clients, and the second is the adoption of gender equality policies among our partners.
In 2019, **35% of our investees highlighted "Women empowerment" as the core of their social mission;** 38% of them offered financial products specifically for women. On the other hand, **73% had a client gender equality policy**.

Some of the investees who reported not having a client gender equality policy in place pointed out that gender inclusion was integrated in their corporate culture. However, since the contexts of each country involve complexities beyond the 'culture' of each institution, we consider the existence of written policies as an important sign of distinction.

GENDER ANALYSIS - INPULSE

OUR INDICATORS

Investees with **specific financial products** for women (%)	38%
Investees with a **client gender equality policy** (%)	73%
Women clients (%)	45%
Unbanked women clients who gained access to financial products (%)	47%

2XCHALLENGE INITIATIVE

CRITERION	THRESHOLD
Products/services specifically or disproportionately benefits women	At least one product/ service specifically addressed to women
Customers who are female	>50%

Of the 355,151 loans disbursed in 2019, 45% were for women. Wanting to go beyond this traditional indicator, we asked our investees to provide metrics on the number of financial services to women who had not previously had access to credit. The data collected showed that of **the 118,733 unbanked clients attended by our investees, half were women** (56.182). This was confirmed by the outstanding portfolio which was equally distributed: 50% for unbanked women and **50% for unbanked men**.

ENVIRONMENTAL PERFORMANCE ANALYSIS

Microfinance has historically been associated with poverty reduction[9], but **the environmental factor has also started to gain relevance due to its direct link to social and economic factors**.[10] Microfinance activities can affect (positively or negatively) the environment.[11]
The conception of our new ESG System forced us to rethink and more fully develop our "triple bottom line" approach. To do so, we have been **inspired from the best practice available today: the Green Index**[12] **of the SPI4 tool.**[13] Our system now includes a new environmental dimension, **5 environmental performance standards** and a total of 21 quantitative and qualitative indicators. Four of these standards are aligned with the Green Index and analyze the responsibility and environmental management of our investees. We added a 5th standard, developed in house, to investigate **the perception of the effects of climate change** on end clients.
The following analysis compares the consolidated environmental results of our MFIs with the benchmarks produced by SPI4 in March 2020[14] (121 MFIs).

SPI4 & THE GREEN INDEX

SPI4 is one of the most widely used social assessment tools. An Excel questionnaire helps financial services providers evaluate their level of implementation of the Universal Standards for Social Performance Management, including the Smart Campaign Client Protection Principles. The SPI4 social audit tool enables institutions to assess their performance against the six major dimensions of social performance management defined by the SPTF.
The SPI4 tool also includes a module which enables MFIs which use the tool to assess their environmental performance. This module contains the four dimensions of the Green Index, which has been developed with the Environment Action Group of the European Microfinance Platform.
SPI4 has been developed by CERISE and its partners since 2001, with constant feedback from SPI users using an iterative and collaborative approach. CERISE is an organization "dedicated to responsible and ethical finance, willing to find solutions for mission-driven organizations".

STRATEGY, DIRECTION AND COMMUNICATION OF ENVIRONMENTAL MANAGEMENT

69% of our MFIs have established environmental objectives and/or indicators in a formal environmental policy, business plan or operational plan; in 46% of the cases, the Board of Directors used this information to provide strategic direction to their institutions. 46% of the investees communicated their environmental performance through internal reports (92%) and to a lesser extent in public reports (25%). Additionally, **38% of investees have appointed a specific person/ committee to handle environmental management**.

GREEN ANALYSIS - INPULSE

OUR INDICATORS

- The investees have **environmental goals, targets and/or indicators** to provide strategic direction
- The investees **appoint a specific person to manage environmental issues**
- The investees **report on its environmental performance** and practices

53%

GREEN INDEX – SPI4

STANDARD

The institution defines, manages and monitors its environmental strategy

35%

AVG SCORE

INTERNAL ENVIRONMENTAL RISK MANAGEMENT

46% of our investees reported having implemented actions to reduce and monitor their internal environmental risks. These actions are mainly focused on reducing the consumption of paper, water and electricity in the headquarters and branches. Some institutions go even further to reduce their CO2 emissions, such as Mikra (Bosnia Herzegovina), for example, which uses natural gas vehicles or Merkur (Denmark) that monitors and offsets CO2 production.

GREEN ANALYSIS - INPULSE

OUR INDICATORS

- The investees implement **actions to reduce their internal environmental risk**
- The investees implement **actions to monitor their internal environmental risk**

46%

GREEN INDEX – SPI4

STANDARD

The institution implements actions to reduce its internal ecological footprint

46%

AVG SCORE

EXTERNAL ENVIRONMENTAL RISK MANAGEMENT

81% of our investees reported having an explicit policy or exclusionary list to avoid the financing of activities with potentially adverse environmental effects. Some investees make environmental risk categorization lists based on the activities they finance. Others have joined the PCAF initiative[15] (Partnership for Carbon Accounting Financials) to assess and disclose the CO2 footprint associated with their loans and investments.

31% of investees stated that they carried out an evaluation of external environmental risks generated by their clients' activities. This assessment is primarily conducted by loan officers obtaining details about activities that may pose a risk to natural resources during the credit assessment process. In practice, most of the institutions verify compliance with internal exclusion lists and national environmental protection policies and apply internal guidelines to promote the financing of environmentally friendly activities. In 2019, only 10% of investees provided non-financial services to raise awareness among final clients on the environmental impact of their activities.

GREEN ANALYSIS - INPULSE

OUR INDICATORS

- The investees **evaluate the external environmental risks** and **provide training to employees**
- The investees have an **explicit policy or exclusionary list to avoid environmental adverse effects**
- The investees **provide non-financial services to raise clients' awareness on environmental impact/risks**

33%

GREEN INDEX – SPI4

STANDARD

The institution manages its external environmental risks

26%

AVG SCORE

GREEN FINANCIAL AND NON-FINANCIAL PRODUCTS

During 2019, **46% of our MFIs carried out actions to develop green financial products** (directly or in partnership with other institutions): 27% offered loan products for sustainable agriculture or sustainable livestock production (4% of outstanding portfolio); 12% provided loan products for sustainable/green housing (1% of outstanding portfolio); 12% provided loan products to finance energy efficiency and renewable energy (1% of outstanding portfolio). In 2019, a total of **16,586 green loans were disbursed** with an average amount of 7,066 EUR.

Only 10% of investees provided non-financial services to raise clients' awareness on environment-friendly practices, green businesses or sustainable practices. 4% of our investees offered micro-insurance products that help clients build resilience against environmental shocks or the effects of climate change.

GREEN ANALYSIS - INPULSE

OUR INDICATORS

- The investees offer **specific loan products to finance renewable energy & energy efficiency**
- The investees offer green financial and non-financial **products to promote sustainable practices**

24%

GREEN INDEX – SPI4

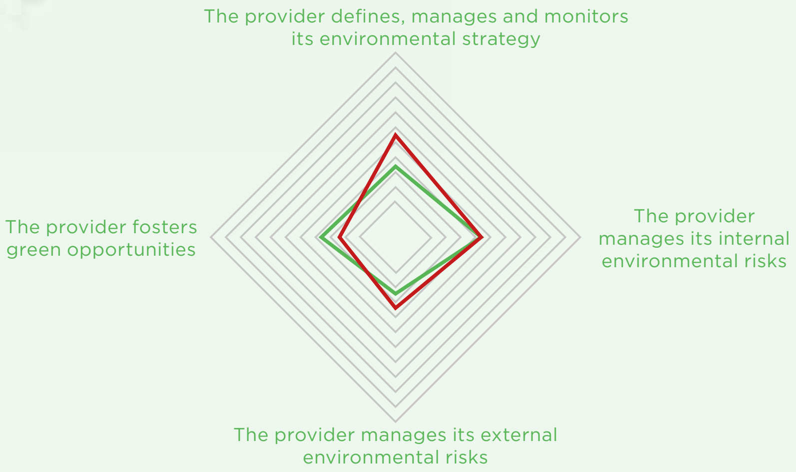
STANDARD

The institution fosters green opportunities

31%

AVG SCORE

BENCHMARK OF OUR ENVIRONMENTAL PERFORMANCE WITH SPI 4 GREEN INDEX



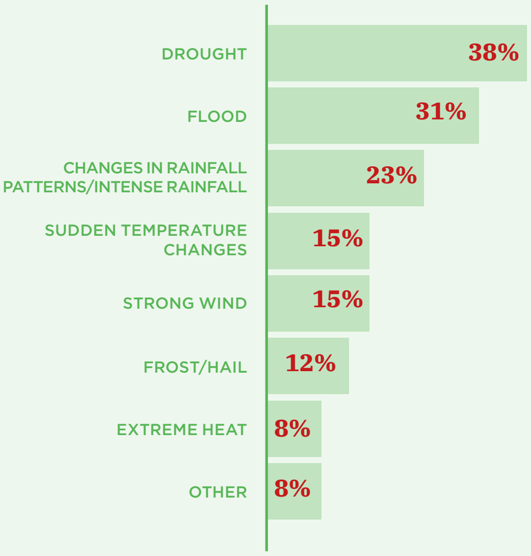
Inpulse outperforms the SPI4 benchmarks in several consolidated dimensions of environmental performance: **Inpulse investees score 39 vs 35 for the SPI4 database** (121 institutions).

PERCEPTION OF OUR INVESTEES ABOUT THE EFFECTS OF CLIMATE CHANGE

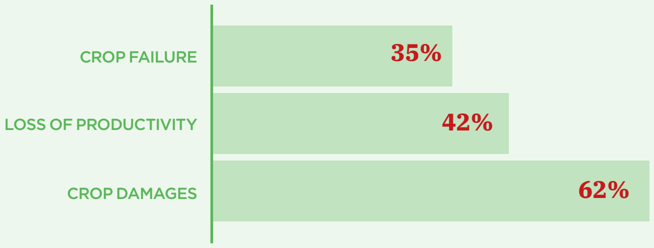
Perceptions[16] about the effects of climate change on our investees' portfolios is the 5th pillar integrated into the Inpulse ESG System. **Through 5 indicators, we aim to identify the main risks/damages caused by climate change on the end client activities** and, by consequence, the possible negative repercussions on our investees' portfolios. In our view, understanding the perception from the field is the first step in adopting new strategies to reduce the financial and social risks of climate change from occurring. **Drought (38%), floods (31%) and changes in rainfall patterns (23%) were perceived as the climatic effects with the greatest negative impact** where MFIs carry out their activities. The investees estimated the main climate-related risks to end clients as: crop damages (62%), loss of productivity (42%) and crop failure (35%). **Agriculture is perceived as the most impacted sector**.

42% of investees reported a low threat of climate change to influence the repayment of agricultural and livestock credits while **15% of investees indicated that climate change posed a high risk for repayment** of these types of loans. Additionally, some investees reported insufficient data to estimate this risk or considered that it occurs in a short period of time and in specific geographic areas. Likewise, 15% of investees stated that they did not perceive negative implications in their portfolios due to the effects of climate change.

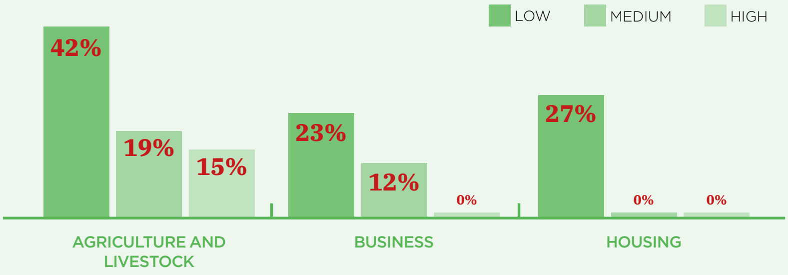
PERCEIVED NEGATIVE EFFECTS OF CLIMATE CHANGES

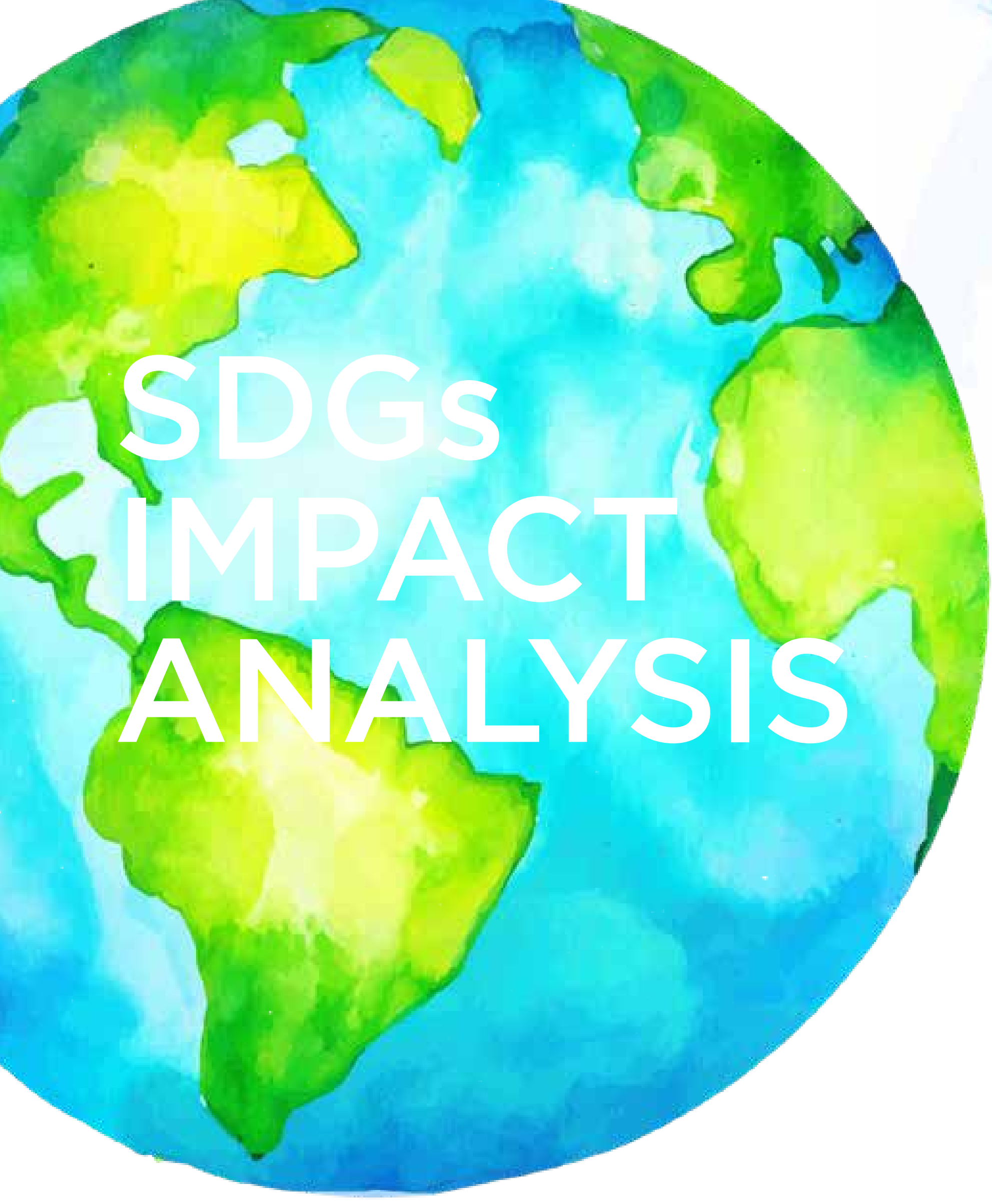


MAIN DAMAGES PERCEIVED ON CLIENT ACTIVITIES



ESTIMATED IMPACT ON DEFAULT RATES DUE TO CLIMATE THREATS





SDGs IMPACT ANALYSIS

The SDG impact analysis covers our CoopEst, CoopMed and Helenos funds and was prepared based on information provided by our MFIs. The data collected refers to the activities carried out in 2019. The results show that Inpulse contributes to the generation of positive social impact for 8 SDGs as detailed below.

SDG 1: NO POVERTY

Globally, 10% of the population still lives in extreme poverty.[17] Rural areas have a poverty rate more than 3 times higher compared to urban areas[18] and, worldwide, 1.7 billion adults are unbanked. **Inpulse contributes to SDG 1 by increasing financial inclusion as a mechanism for poverty reduction.**[19]
To capture this outcome, we have measured the financial inclusion of traditionally underserved groups as well as people without prior access to credit. **79% of the investments made by our MFIs in 2019 was oriented to financing the bottom of the pyramid (BoP)**, namely end clients with loan amounts below the GNI per capita of each respective country. Of the total active clients, **45% are women and 52% are located in rural areas**.

1 NO POVERTY

342,317	**79%**	**45%**	**52%**
ACTIVE CLIENTS	BOP (LOANS<GNI P.C.)	WOMEN CLIENTS	RURAL CLIENTS

Additionally, **31% of the credits provided in 2019 were targeted to the financial inclusion of unbanked people**. This corresponds to a total of 118,733 credits, of which 47% were for women and 53% for men clients. These outcomes demonstrate the **engagement of our investees to provide financial access to traditionally underserved groups as well as a tendency to reduce the gender gap in access to finance**.

SDG 2: NO HUNGER

Worldwide, an estimated 821 million people were undernourished[20] in 2017. Paradoxically, despite being the main areas of food production, rural areas contain high risks of malnutrition and account for approximately 80% of the world population in extreme poverty.[21] According to FAO (2018), access to finance in the rural sector progressively contributes to investing in more productive and profitable agricultural activities, as well as helps to deal with shocks, generate higher incomes and improve food safety. Challenged by this context, Inpulse aims to contribute to the promotion of food security in line with SDG 2. In 2019, **50% of the credits disbursed by our MFIs were directed to the rural sector**. 27% of the outstanding portfolio was dedicated to the development of agricultural and livestock activities; out of this, 33% was intended to finance sustainable agriculture/livestock production. **85% of the credits for agricultural and livestock activities were granted to microenterprises** and 6% to small farmers with a land tenure equal to or less than 2 hectares.

50%	RURAL LOANS
27%	AGRICULTURE/ LIVESTOCK PORTFOLIO
85%	MICRO-ENTERPRISES IN AGRICULTURE
5,815	LOANS TO SMALLHOLDERS

The 2019 results indicate that **Inpulse contributed to the reduction of both poverty and food security by supporting rural productive activities** and the financial inclusion of underserved rural populations (such as smallholder farmers and agricultural microenterprises).

SDG 5: GENDER EQUALITY

More than 1 billion women worldwide do not have access to basic financial services, and female participation in the financial services sector is still far from equitable.[22] Inpulse is committed to promoting financial inclusion, business development and empowerment for women through our MFI partners and end clients.
In 2019, we have contributed to reducing the gender gap by achieving: **45% of the loans granted by our MFIs were for women**, which represents 43% of the total outstanding portfolio.

45%	LOANS TO WOMEN
55%	LOANS TO WOMEN FOR BUSINESS DEVELOPMENT
46%	WOMEN IN SENIOR MANAGEMENT POSITIONS
51%	WOMEN IN THE WORKFORCE

Women accounted for **55% of business development credits** in 2019.
In our "Gender Impact Analysis" section of this report you can find more detailed information about our impact in reducing gender inequalities. **Among our investees, women accounted for 51% of the workforce**. This is significant considering that the worldwide workforce representation of women in financial sector is approximately 36%.[23] 46% of senior management positions among our investees are held by women. This figure is even more relevant when compared to the world average estimate of 22%[24] for the financial services sector.

SDG 8: DECENT WORK AND ECONOMIC GROWTH

Despite the fact that labor productivity and GDP per capita have increased globally since the financial crisis of 2009, about 8% of employed workers currently live in extreme poverty[25]. From our perspective, **contributing to SDG 8 includes not only promoting job and business creation, but also** leading them towards **sustainable and inclusive livelihoods**. This is a challenge within the microfinance sector, but it is undoubtedly necessary to couple financing with social impact. In 2019, our MFIs have contributed to employment and entrepreneurship through: **the preservation of 107.804 jobs and the creation of 5.151 new businesses**. 69% of the businesses financed were micro-enterprises and 73% of the outstanding portfolio was dedicated towards income generating activities (business and agriculture), 10% housing and 8% personal needs (consumption, education, health).

8 DECENT WORK AND ECONOMIC GROWTH

107,804
JOBS CREATED/ MAINTAINED

5,151
NEW BUSINESS CREATED

69%
MICRO-ENTERPRISES FINANCED

73%
INCOME GENERATING ACTIVITIES PORTFOLIO

The pursuit of decent, inclusive job creation is also evident when looking at our investees internal policies and staff treatment. In 2019, **nearly all investees (98%) had HR policies in place and provided training to their employees (96%)** which varied topically from essential business functions to niche subjects related to environmental risk. **Employees' satisfaction rate is very high (81%)** and the global staff turnover rate is 15%, a very positive result when benchmarked to Mix Market (24% in 2019).

SDG 10: REDUCED INEQUALITIES

Thanks to the hard work of our investees, Inpulse contributed to the reduction of inequities through the financial inclusion of minorities and traditionally underserved sectors. **39% of the loans granted in 2019 were distributed to minorities. 59.868 loans were disbursed to young people** under the age of 35 (18% of the outstanding portfolio), 5.815 to smallholder farmers (6% of the outstanding portfolio) **and 10.842 loans to refugees**. These groups used the loans for a range of activities mainly related to agriculture, services, commerce and other functions such as arts and crafts, environment, etc.

10 REDUCED INEQUALITIES

2,509
START-UPS FINANCED

59,868
YOUTH (<35) FINANCED

10,842
REFUGEES FINANCED

118,733
UNBANKED CLIENTS

10 REDUCED INEQUALITIES

We also contributed to the fair and respectful treatment of clients. On average, **96% of our investees have established policies and strategies for client protection, transparency of credit conditions, resolution of complaints** and client retention. Likewise, **81% have committed to the “Client Protection Principles”** standards (The Smart Campaign).[26] These results are reflected by positive client satisfaction surveys that indicate an average complaint rate of 1% and a client retention rate of 78%. Moreover, **73% of our investees offered non-financial services** (business development services, women empowerment, financial literacy, green businesses) and products (micro-insurance) to support end clients beyond the loans provided.

81%
SMART CAMPAIGN INVESTEES

1%
CLIENT COMPLAINTS RATIO

10,842
CLIENT RETENTION RATE

73%
INVESTEES OFFERING NON-FINANCIAL SERVICES

SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION
SDG 13: CLIMATE ACTION

In 2019, Inpulse monitored environmental performance in addition to promoting green financial products and services. The global environmental performance of our investees, detailed in the section “Environmental Performance Analysis” of this report, is very positive and demonstrates their commitment to sustainable development.

Regarding environmental performance: **81% of MFIs have established an explicit policy or exclusionary list** to avoid the financing of activities with potentially adverse environmental effects, **69% have included some environmental criteria in their business strategy** and 46% implemented actions to monitor and/or reduce its internal environmental risk (ecological footprint). 46% of institutions indicated to have projects to develop green financial products. Some investees already offer specific credits for renewable energy and energy efficiency, agriculture and sustainable housing, among other “green” financial products.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

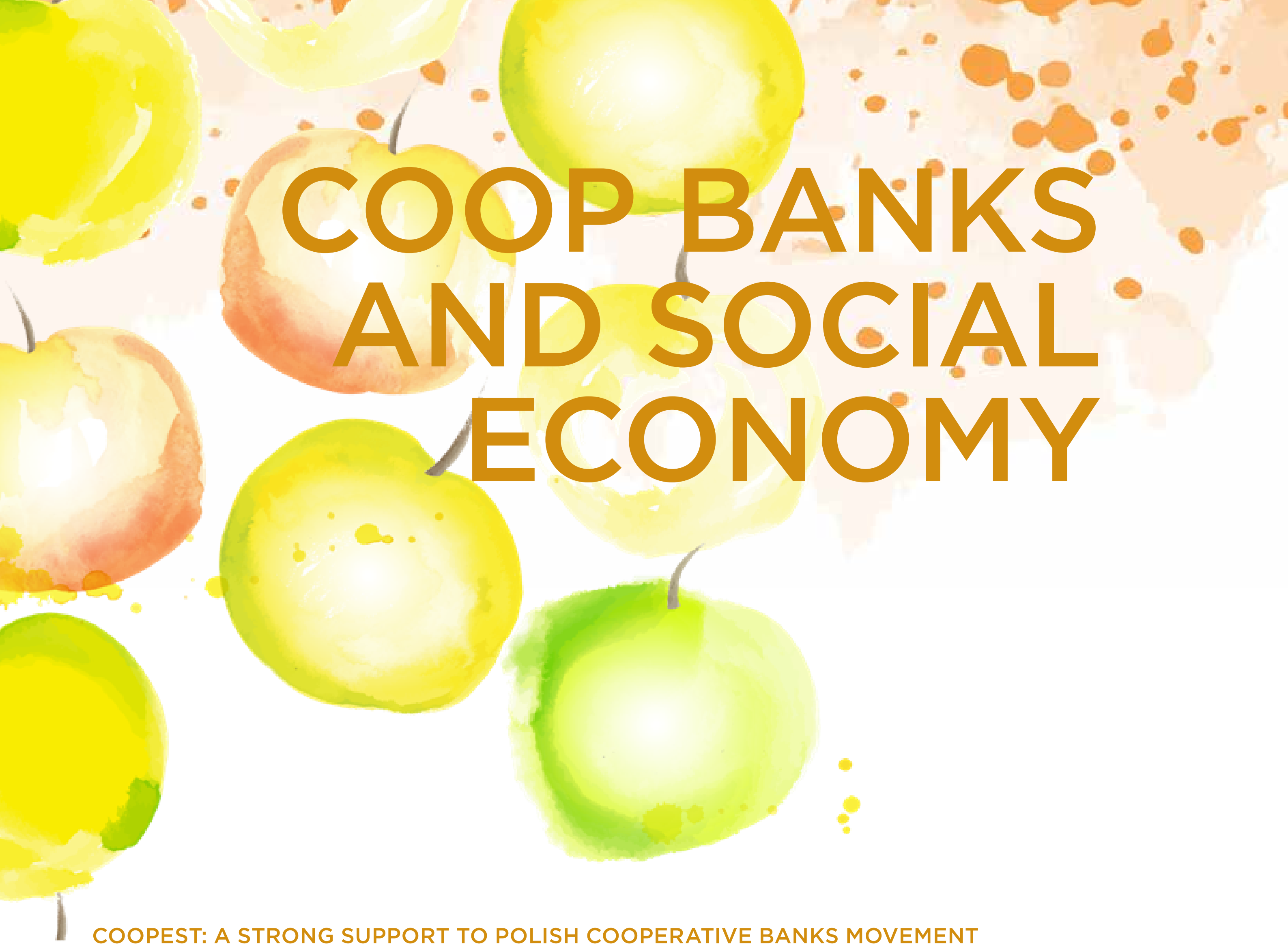
13 CLIMATE ACTION

5,913
GREEN LOANS

81%
INVESTEES WITH ENVIRONMENTAL EXCLUSION LIST (LOANS<GNI P.C.)

69%
INVESTEES WITH ENVIRONMENTAL STRATEGY

46%
INVESTEES MONITORING INTERNAL ECOLOGICAL FOOTPRINT



COOP BANKS AND SOCIAL ECONOMY

COOPEST: A STRONG SUPPORT TO POLISH COOPERATIVE BANKS MOVEMENT

Inspired by cooperative models, CoopEst shows a deep commitment to **cooperative banks in Poland, which represent almost half (42%) of overall CoopEst's investments** in 2019.

Polish cooperative banks – around 500 across the country – are mostly present in small towns and rural areas. **They represent 7-8% of the Polish banking sector**. Thanks to their affiliation with bigger networks (2 main networks in Poland) they have developed the expertise necessary to compete with commercial banks: internet banking, credit cards, remote payment tools, smartphone apps, etc.

The mission of Polish cooperative banks in the CoopEst portfolio is to support local development. They strive to provide professional and comprehensive financial services, meet the needs of their customers, and support initiatives for the welfare and development of their local community.

As most of the cooperative bank branches are located in the semi-urban and rural areas, they are **often the only financial institution in their community**. In some cases, they are also the only financial institution who can grant a loan to local businesses since the decision is taken locally (nearly 80% of the portfolio is disbursed to businesses or farmers). **The cooperative banks are typically focused on microenterprises, farmers, SMEs and individual consumers**, but they also finance investment projects implemented by local governments (i.e. development of local infrastructure). Additionally, they often distribute special credits to farmers, provide energy efficiency loans or finance local environmental projects (renewable energies, sewage treatment plants). **The social involvement of cooperative banks also covers actions in their regions to finance schools, kindergartens, playgrounds for children, sports clubs**, as well as local events. In this way, they contribute to the development of the community.

Due to their compliance with Polish banking regulations and consumer laws, 100% of our Cooperative Banks partners are compliant with Smart Campaign Client Protection Principles. The description of each banking product contains detailed information about the complaint procedure. Consumers can also complain to the Consumer Ombudsman and to the Office of Competition and Consumer Protection. Rules and standards of consumer service are described in policies, Code of Conduct or Code of Ethics. Transparency is widely regulated by industry requirements (i.e. Law on Consumer Credit, Law on Payment Services). **92% of the Cooperative Banks financed by CoopEst have developed an internal code of good conduct, and more than 90% have a policy of preventing over indebtedness**.

It is also important for cooperative banks to create a decent workplace for their employees. Staff turnover is generally low, less than 10% in most of the banks in the CoopEst portfolio. Women constitute the majority of the staff (80% in 2019) and they also frequently occupy management positions (50% in 2019).

SOCIAL OUTREACH

PORTFOLIO BY CLIENT

72% | 28%

URBAN/RURAL PORTFOLIO

60% | 40%

12,827
DISBURSED LOANS

20,878
AVERAGE DISBURSED LOAN

132%
AVG DISBURSED LOAN AS % OF GNI PER CAPITA

TYPE OF LOANS

PERSONAL	8%
BUSINESS	57%
AGRICULTURE	22%
HOUSING	13%

79%
LOANS FOR INCOME GENERATING ACTIVITIES

11%
STAFF TURNOVER RATE

92%
INSTITUTIONS WITH COMPLAINT RESOLUTION SYSTEMS

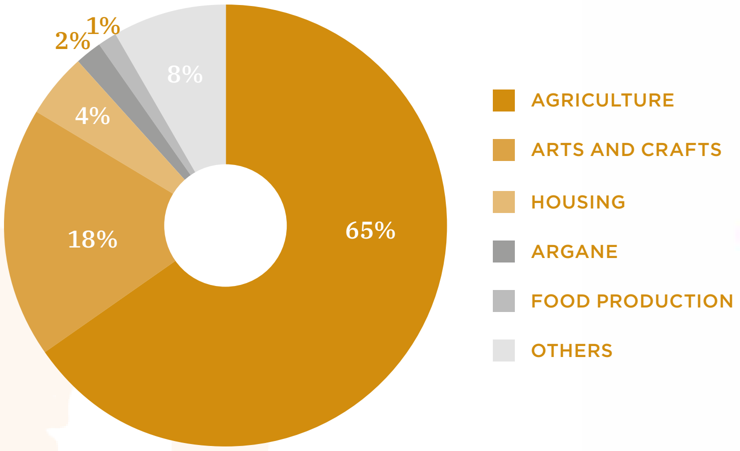
BOOSTING FINANCIAL SERVICES DEDICATED TO COOPERATIVES THROUGH COOPMED

The cooperative sector in Morocco has expanded considerably in the past few years thanks to a new legal framework, increased supervision, and state support. **The Moroccan cooperative network now reaches cooperatives primarily across the rural regions** of the country and encompasses various types of activities (from fishing to crafts and dairy production). In 2019, the sector contains 27,262 cooperatives, with a total of 563,776 members. **Cooperatives are prevalent in the agriculture, craft and housing sectors**. These businesses need financial support to ensure their development, but they experience difficulties in accessing traditional banking services.

Through its MFI partners, CoopMed supports an outstanding portfolio of EUR 227,242 that is dedicated to cooperatives. **The average outstanding loan amount is EUR 17,480.** Morocco is the main country where CoopMed supports cooperatives. The cooperatives indirectly supported by CoopMed operate mainly in the traditional crafts sectors like clothing, sewing and leather productions.

A **Technical Assistance project**, launched by CoopMed in 2018, was carried out with a Moroccan MFI (Al Karama) **to develop and distribute a new financial product dedicated to cooperatives**. The project started with an in-depth study of the cooperative financing market to highlight needs from the field and to analyse competitor offers. The study indicated that **90% of cooperatives finance their activities through their own resources** (member contributions), internal resources (sales proceeds), or local donations and subsidies (quasi equity), mostly to buy equipment. Only 13% of cooperatives tap external financing (suppliers or family) and **microcredits represent less than 3% of the resources mobilized by cooperatives**. Cooperatives are generally excluded from traditional bank financing due to their size and the specificities of their governance and organisation.

COOP DISTRIBUTION BY SECTOR OF ACTIVITY (MOROCCO)



TECHNICAL ASSISTANCE: IMPACT IN ACTION

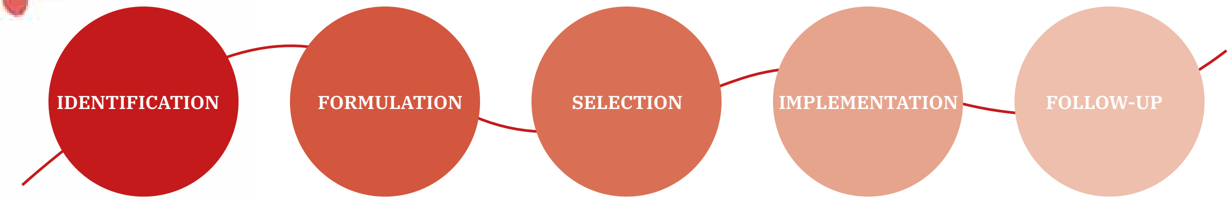
TWIN PILLAR INTEGRATED VISION

Thanks to the generosity of the Agence Française de Développement and European Investment Bank/ Luxembourg Government, in 2017 CoopMed developed a Technical Assistance Facility to support its investees in the MENA region. **We provide investees with advisory services and capacity building** to strengthen their long-term competencies to match the duration of our investments. We call this our twin pillar integrated approach.

A PARTNERSHIP-BASED APPROACH

Technical assistance has to be co-financed by the beneficiary, who may be required to contribute up to 20% of the estimated budget. To implement the projects, **external consultants are selected in close collaboration with the beneficiary** and through **transparent procedures compliant with by BEI and AFD procurement**. Such an approach guarantees that each mission is adapted to our client's needs and fully meets their expectations.

HAND-IN-HAND THROUGHOUT THE ENTIRE PROCESS



The support we provide to our investees is spread throughout the different steps of the process to find valuable experts for the technical assistance. Once a partner has expressed needs for an intervention, we jointly define the scope of the mission. For each new project, **CoopMed defines clear objectives, activities and financial engagements with investees before contracting the implementation experts**. We always choose experts our beneficiary would feel confident with, but always in accordance to the procurement procedures approved by EIB and AFD. Through the implementation phase, we remain available to adapt the guidelines to meet additional needs or help with any contingencies that may occur. Speed and adaptability are the key characteristics guiding our TA Facility.

2019: A YEAR OF GREAT ACHIEVEMENTS

We strive to develop close partnerships with our partners. It enables us to **remain flexible and react swiftly to changing needs**. Such an approach has been valuable so far, which is illustrated by the case of INMAA. In 2018, this Moroccan institution faced a major governance crisis that was jeopardizing the sustainability of the institution. In collaboration with INMAA and EIB TAFI Programme, we were able to react swiftly and implement appropriate TA solutions in order to help the institution to overcome the crisis (see below the interview with INMAA's General Manager). During 2019, several technical assistance missions were carried out, which included some long-term and challenging projects (see below the Impact study on Syrian refugees in Lebanon.

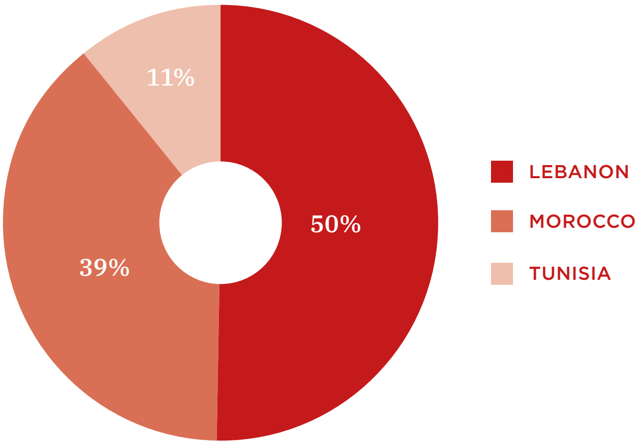
10
TA PROJECTS

7
INVESTEES SUPPORTED

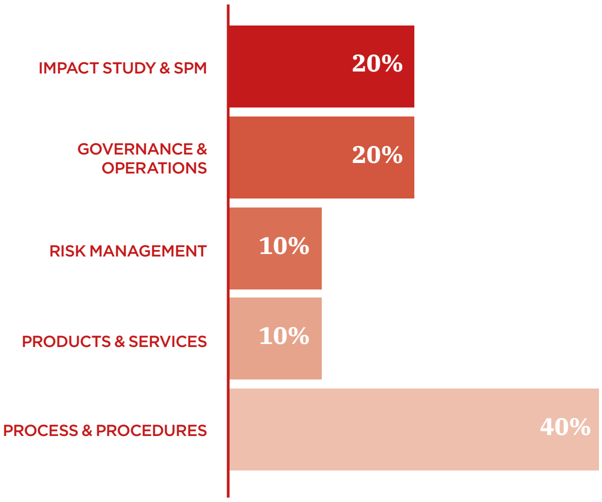
3
COUNTRIES

EUR
23,700
AVERAGE BUDGET

TECHNICAL ASSISTANCE BY COUNTRY

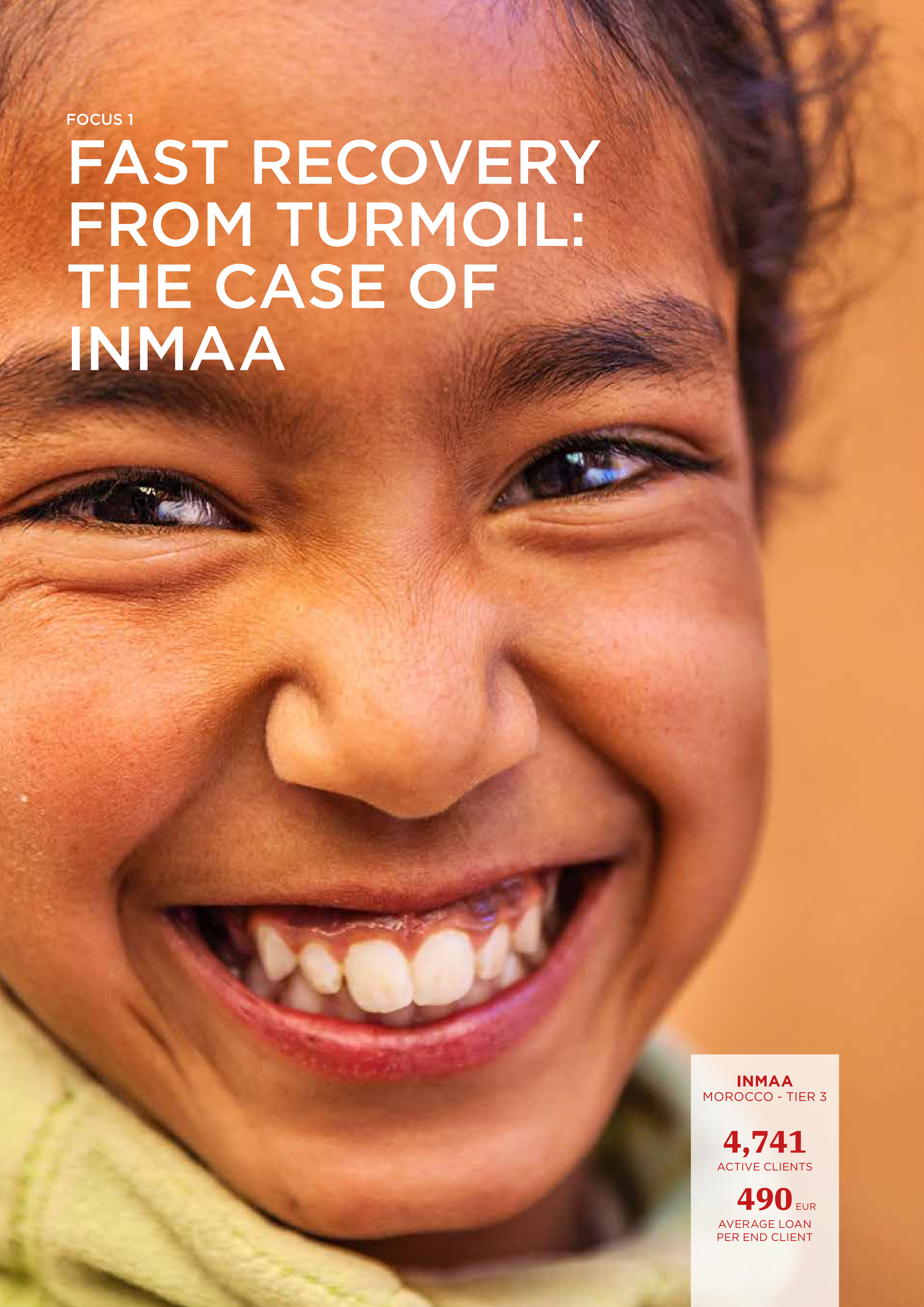


TECHNICAL ASSISTANCE BY THEME



FOCUS 1

FAST RECOVERY FROM TURMOIL: THE CASE OF INMAA



INMAA
MOROCCO - TIER 3

4,741
ACTIVE CLIENTS

490 EUR
AVERAGE LOAN
PER END CLIENT

AN INTERVIEW WITH MR. OUAZZANI

INMAA CEO

Could you present the context of the crisis faced by INMAA?

The crisis faced by INMAA covered several aspects: first, we had a governance problem that was amplified by a severe lack of communication and transparency with partners. This governance issue was the triggering event that revealed deeper deficiencies within the institution's core business. There were major issues and weaknesses regarding the recovery operations aspect. A review of the organizational structure was also needed. The network had been expanding too hastily and was not optimized. In June 2017, INMAA activity had almost stopped. The TA intervention enabled business recovery. And more importantly, it enabled us to rebuild trust internally and with INMAA partners.

How did CoopMed and the technical Assistance facility help INMAA to overcome this crisis?

The Technical Assistance provided by CoopMed was decisive. The TA support allowed INMAA to quickly recover while fulfilling its obligations. The institution had reached a breaking point: we needed to rebuild trust and create a new, common vision. The TA had helped to do so with flexibility, efficiency and relevancy. As a first step, CoopMed facilitated negotiations with the lenders group to reschedule the debt. Then from April to December 2019, CoopMed TA coordinated the development and the implementation of the adequate corrective measures.

What were the key milestones of this Technical Assistance mission?

Thanks to CoopMed and EIB support, an assessment of INMAA's situation was made: a transparent and external analysis of INMAA weaknesses was necessary. Consequently, a "Stabilization Plan" was collaboratively developed and implemented. It was essential to involve and bring together the top management and onsite staff because of their field knowledge and the specificities of each region. The Technical Assistance enabled us to thoroughly assess INMAA's situation and move to practical actions.

What were the main challenges to address?

The main challenges were on the human level. INMAA staff, teams in the field and the governance body, were demotivated and preoccupied by INMAA's future. There was reluctance to change. The main challenge was therefore to act carefully and gently, using benevolent leadership, to rebuild trust in the future of the institution. Ensuring buy-in was the key to success. Punishment was not a solution: what mattered to us was to listen to everyone and to join forces.

> INMAA still exists today thanks to our partners' efforts, and in particular CoopMed, whose support to find the right answers, adapted to the needs and size of INMAA made the difference.

According to you, what have been the decisive factors to solve this crisis?

The CoopMed initiative has been a key factor. CoopMed was the one to take the initiative to bring in Technical Assistance with the EIB support and coordinate efforts with the other lender groups. The CoopMed team has always been very dedicated, qualified and supportive. Trust and confidence within the organization had deteriorated. It was of paramount importance to work closely together to mobilize goodwill, inspire a common vision for the future of INMAA, and rebuild trust. Everyone was terrified by the uncertainty of the future. We had to act with gentleness and tact.

Do you consider this TA intervention successful? If yes, why?

This TA intervention has been successful. INMAA has overcome the turmoil and is now renewed with favorable production indicators. The TA was adapted to the reality and size of INMAA and the microfinance field. Throughout the process, INMAA teams were involved in the discussions and they accepted the decisions and the strategic orientation plan. The TA intervention was also combined with coordination among funders to agree on a debt rescheduling. A common vision was shared by all three parties involved: INMAA staff, TA external consultants and funding partners. This aspect played a major role in making the plan succeed.

According to your experience, what should be the three characteristics that Technical Assistance should always have?

I would say that a first requirement should be partnership. A second characteristic should be the involvement of all by including the teams working in the field. They should take part in the strategic discussions and decisions. And finally, in my opinion, a third characteristic should be to always listen and support with respect, goodwill and compassion, without imposing on the opinions of stakeholders.

FOCUS 2

AL MAJMOUA MICROCREDIT TO SYRIAN REFUGEES: AN IMPACT STUDY

AL MAJMOUA
LEBANON - TIER 1

80,861
ACTIVE CLIENTS

867 EUR
AVERAGE LOAN
PER END CLIENT

With contribution of
European Investment Bank
THE GOVERNMENT OF THE GRAND-DUCHY OF LUXEMBOURG
Ministry of Finance

Credit Photo Taysir Batniji

SYRIAN REFUGEES IN LEBANON: THE CONTEXT

Starting in 2011, millions of Syrians have been forced to leave their country due to an ongoing war. Many of them entered **Lebanon, which currently has the highest percentage of refugees relative to its population, where 1 out of every 4 inhabitants is a refugee**. The government of Lebanon estimates that the country hosts 1.5 million Syrian refugees who have left their country since 2011 due to war. More than 50% of Syrian refugee households in Lebanon have expenditures below the Survival Minimum Expenditure Basket of US$ 2.90per person per day, and hence they are unable to meet survival needs of food, health and shelter. Moreover 69% of households remain below the poverty line (VASYR 2018).

AN ORIGINAL METHODOLOGY TO MEASURE THE IMPACT

The main goal of the study was to **assess the socio-economic evolution of the refugee population and how microcredits induce or support choices and actions**, and the impact of those actions. The study looked specifically at Syrian refugees that have moved to Lebanon after 2011 (the beginning of the war in Syria). The methodology focused on the outcomes and socio-economic dynamics, as well as the refugee stories, fully aware that the observed outcomes weren't solely due to the microcredit. **The study assessed changes in life conditions of clients**, from disbursement of the credit through the repayment cycle **along three dimensions**:

1. **Livelihoods** (schooling, food, housing, utilities);
2. **Social inclusion** (health and relationship with Lebanese citizens);
3. **Economic** (revenues and expenses, savings, economic activities).

To this aim, the evolution of clients was measured one-year after the loan cycle for 103 clients refugees from Al Majmoua's portfolio. **Most of the clients in the sample were "unbanked" (only 5% had received a formal credit before)**.

ENCOURAGING FINDINGS FROM THE STUDY

The main findings of the study indicate that:

1. The majority of the Syrian refugee clients appear to be **able to manage formal credit**;
2. The credit **does not seem to harm** the majority of them;
3. The credit contributes to **support socio-economic improvement**;

Moreover, the credit received from Al Majmoua appears to:

4. **Foster the financial inclusion of** previously excluded individuals;
5. Help clients invest in **productive business opportunities**;
6. Help clients **cope with urgency** and basic needs;
7. **Support economic resiliency** in terms of indebtedness reduction, cash saving, and revenue generation.

Regarding the evolution of socio-economic indicators between 2017 and 2018, the study indicates that for most of the Syrian refugee clients:

- Livelihood conditions improved, in particular in terms of debt reduction, rent and bills repayment, as well as food and house satisfaction;
- Access to credit contributed to access for health services;
- Economic conditions improved through an increase in the net family monthly income, a reduction of indebtedness at the household level and the ability to save in cash; and,
- Integration with the local Lebanese community improved.

Regarding the use of the formal credit, the study found that:

- 36% of the clients used the first credit for business investment (23%) or working capital for a business (13%);
- 46% of the clients used the second credit for business investment (39%) or working capital for a business (7%);
- 20% of clients used the loan for debts repayment (i.e. improved income smoothing); and,
- 11% of clients used the loan for apartment improvements, 8% for food, 8% for emergencies, 16% for household health (all considered consumption needs).

Regarding the perception, 96% clients felt better after the use of the credit. Client perceptions matched the quantitative findings. The highest positive impacts were perceived in: access to health services, family income, access to food, housing conditions and access to consumption goods.

AN ITINERANT EXHIBITION TO SHED LIGHT ON ONE OF THE MOST PRESSING ISSUES OF OUR TIME

To envision the stories behind the study, Taysir Batniji, artist and photographer, was appointed to compile a photographic portfolio portraying the everyday life of refugees. The result was **an itinerant photographic exhibition** (Paris, Luxembourg, Brussels) with **five women** who accepted to share their stories, to tell about their struggles, successes, plans and hopes.

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NOTES

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