DANISH MICROFINANCE PARTNERS K/S

SOCIAL IMPACT REPORT 2017-2018

MAJ INVEST

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INTRODUCTION AND BACKGROUND

The purpose of this report is to present the social impact outcome of the portfolio companies of Danish Microfinance Partners K/S (DMP or the Fund) in 2017/2018. The report is based on the social impact reporting provided by the portfolio companies to the Fund and information provided through board participation.

Investment strategy

Danish Microfinance Partners K/S is closed-end private equity fund investing in top tier financial institutions providing financial services to the client group below the middle class in Latin America, Asia and Africa. Through direct equity investments, the Fund acquires significant minority positions in financial institutions with a medium to large size loan portfolio, typically above USD 100m. The target financial institutions must have a substantial growth potential, be mature and well-established with a highly qualified management and shareholders, strong governance, together with an advanced and efficient operational infrastructure. The targets must have the capacity to benefit from the growing financial inclusion sector, through organic growth or consolidation, and reach a return on equity of 20 per cent or higher by the time of exit. In most cases a Board seat is required together with minority protection rights and a strong exit strategy for the Fund. The Fund is adding value by growth equity, strategy formulation and implementation and best practice experience from the financial inclusion sector.

The market

The market for financial services to the client group below the middle class in Latin America, Asia and Africa is expected to grow significantly in the future. The client group consists of billions of people and small companies that are in huge demand for basic financial services, such as loans, savings, insurances, payments and money transfers. In a historic perspective the concept of microcredit evolved into microfinance, and subsequently the concept changed into financial inclusion driven by the development finance investors dominating the industry in the early stages of its development. Their mission has been to support the establishment of financial institutions catering to the client group below the middle class in the developing countries for them to have access to basic financial services. The financial inclusion industry has now gradually matured and a top segment of financial institutions has to some extent changed its mission over time - from predominantly focusing on development to focusing increasingly on financial return and secondly on social impact.

The target client group is the large segment of people below the middle class but above extreme poverty in Latin America, Asia and Africa, and it continues to grow at an impressive rate. According to the World Bank Global Findex and Database 2014, over 2 billion adults in this segment globally operate outside the traditional financial system. 200 million people are currently using financial services specifically designed to accommodate this client group, and 3.4 billion people have access to financial services, but part of them only to a very limited supply and low level of diversification. Additionally, the demand for commercial financial services is immense with 160 million SMEs without access to financial services, and 240 million SMEs with some access, but to a limited supply of financial services provided by formal banks or financial institutions catering directly to the financial inclusion SME segment.

In 2015-2016, this industry grew at 10-15 per cent annually (Microfinance Barometer 2017). At country level, India outpaced the industry both in terms of borrower and loan growth (+18.4 per cent and +24.4 per cent, respectively). Significant loan growth was also observed in Cambodia (+20.7 per cent), Bangladesh (+19.7 per cent) and Peru (+16.3 per cent). Zurich-based responsAbility estimates that this growth pace will be maintained on a global basis (10-15 per cent) while the Asia-Pacific region is expected to grow by as much as 25-30 per cent.

This rate of growth is further fueled by the application of new technologies related to FinTech and digitization development, increased smartphone penetration and development of biometric identification systems that will increase the potential for outreach and lowering distribution costs of financial services to the target cli-

ent group. This is important because outreach is difficult, especially in rural areas, and distribution is notoriously expensive in this industry. The clients, like in any other commercial banking business, pay for the distribution cost, unlike in development finance.

This important technology development will alter the financial inclusion industry in the future. However, on a general level the technology development will only to a very limited extent be disruptive to existing players, to whom the technology development presents an opportunity to increase efficiency of existing business models - but of course will be a threat provided new technologies are not applied in a sufficient manner. An example is mobile money agents, usually situated in small and local retail stores. These agents partner with mobile money providers and help clients open accounts, which allow savings and payments using cell phones.

Financial institutions providing financial services to the client group below the middle class require a significant supply of new growth capital, coupled with an inviting regulatory framework. For the last 10-15 years, an estimated USD 34 billion globally has been committed to this funding, channeled via the financial infrastructure, which has been developed, and has become increasingly diverse and sophisticated. Institutional investors, in partnership with family offices, development banks, high-net-worth individuals, and some large-scale corporations have been working with private equity funds to reach those living in the outskirts of the financial system by investing in financial institutions and financial infrastructure.

Governments also play a key role by developing a regulatory framework that fuels investments and growth in the financial inclusion sector. However, regulatory and political challenges continue to appear. For example, the demonetization reform that took place in India, i.e. the removal from circulation of the two largest denomination notes, reduced collection rates while propelling non-performing loans due to the lack of cash in the system. On a longer term, however, this political initiative will benefit the financial inclusion industry by encouraging large number of unbanked people to open bank accounts and actively use financial services.

As the demand side continues to grow significantly there is a constant request for innovation in products and business models for low cost delivery of financial services, and for improved regulatory framework in many countries. However, in spite of the obvious challenges with investing directly in financial institutions in Latin America, Africa and Asia this strategy continues to represent a very good opportunity in obtaining an attractive financial return, and at the same time contribute with social impact to the client group below the middle class.

Social impact strategy

Danish Microfinance Partners K/S' primary goal is to create an attractive financial return to its investors, but as an outcome of the Fund's investments in financial institutions is social impact for the target client group.

Social impact is an integrated part of the overall framework for responsible investment, and the Fund's perception of responsible investment is aligned with that of the UN. The CSR Policy of the Fund considers the provisos laid down in IFC's *Microfinance Exclusion List*, *Anti-Money Laundering Requirements*, *Anti-Corruption Guidelines* and *CGAP Client Protection Principles.* The Fund is committed to working with the portfolio companies on creating long-term social impact and contributing to a sustainable development, adding value to the portfolio companies and enhancing business opportunities.

As part of the due diligence process, an assessment of the portfolio companies' compliance and commitment to recognized international social impact standards is carried out prior to investment. The Fund will only invest in companies which can identify with the Fund's core values, and companies that work dedicated towards adhering to recognized international social impact standards. During the management phase, the fund monitors the portfolio companies' social impact activities through the Fund's board participation, visits and/or reporting and dialogue with reference to the Fund's CSR Policy.

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Maj Invest group

Maj Invest is a Danish asset management company with nearly USD 12 billion under management. Maj Invest is a spin-off of the Danish pension fund LD (Lønmodtagernes Dyrtidsfond) and was independently established in 2005. Maj Invest has two core business activities: asset management and private equity. Maj Invest Asset Management provides advisory services on asset allocation and investment management in respect of listed equities, and Maj Invest Equity provides investment advisory services to private equity funds investing in unlisted equities in Denmark and abroad. In 2016, Maj Bank was established. Maj Bank offers accounts and deposit accounts for savings and investment purposes and provides advisory services to clients.

In 2017, two out of a total of nine private equity funds under management by Maj Invest Equity were focusing on the financial inclusion strategy. Maj Invest Financial Inclusion Fund III K/S is expected to be established in 2019.


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3,320
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que su operación se haya reali
correctamente, gracias.
CREDINKA

RESULTS AND CONCLUSION

By May 2018, Danish Microfinance Partners K/S (DMP or the Fund) had five direct and indirect investments in BancoSol, Credinka, Microcred, Aavishkaar Goodwell and Próspero Microfinanzas Fund. Satin Creditcare in India was exited in July 2016.

In 2015, the United Nations launched the Sustainable Development Goals 2030 (SDGs) with the objective to secure a sustainable economic, social and environmental development. The objective is to stimulate action through 17 goals and 169 targets. As part of the Fund's further development in line with the sustainable development agenda, the Fund's investments are mapped against the SDGs.

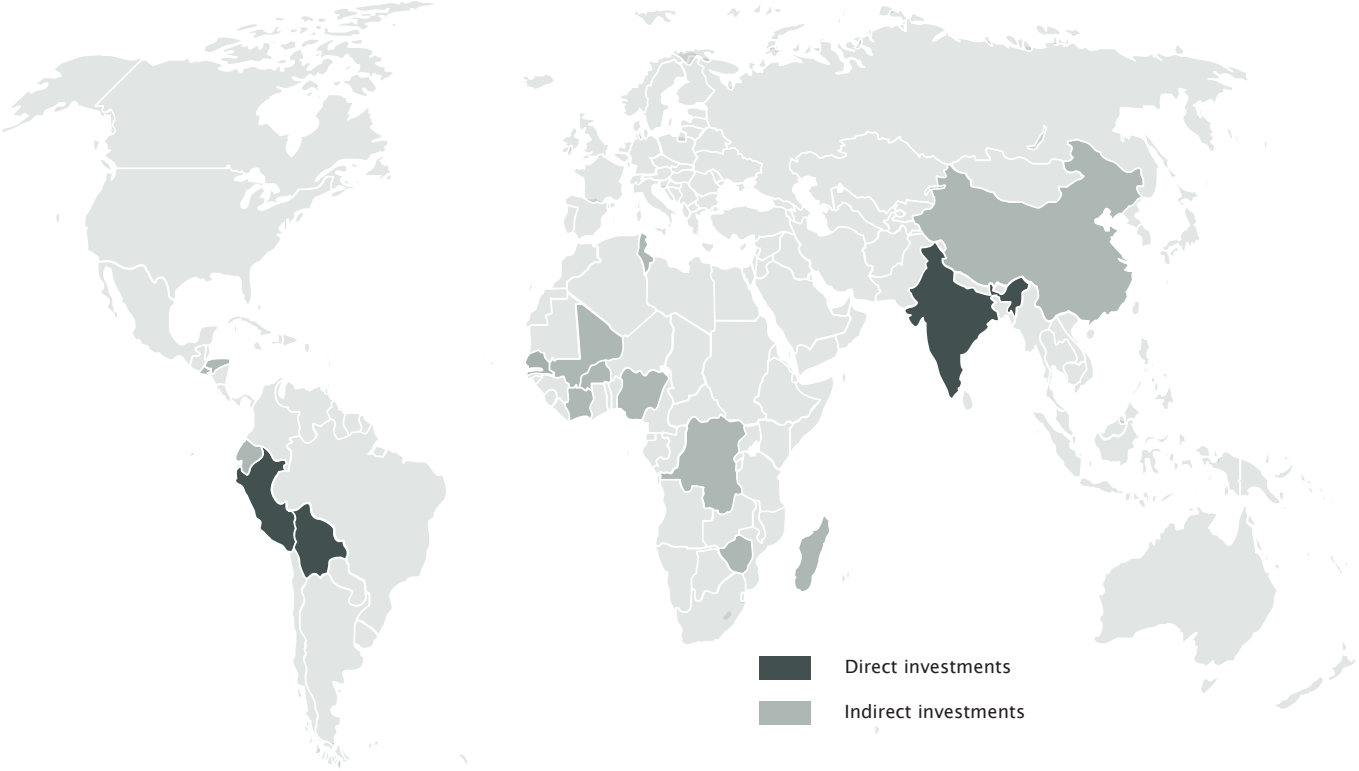
The mapping of the results and initiatives of the portfolio companies showed that the Fund's investments contribute to the implementation of seven sustainable development goals and nine targets.

The Fund invests in portfolio companies which recognise and adhere to international social impact standards and client protection principles ensuring that clients are prevented from overindebtedness, treated in a respectful manner, guaranteed reasonable pricing and a wide range of services.

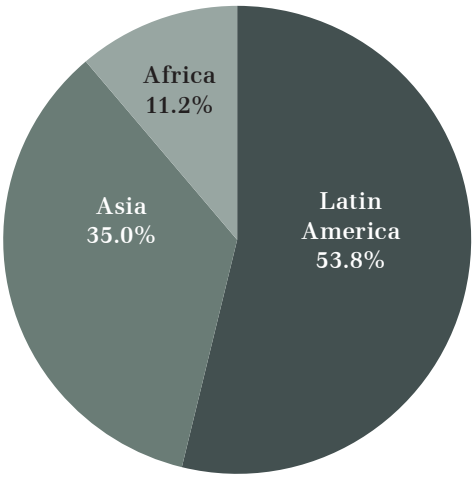
The Smart Campaign is a global effort to provide microfinance institutions with the resources and tools needed to deliver transparent, respectful and relevant financial services to all clients. Seven principles focusing on client protection constitute the Smart Campaign. The majority of the portfolio companies have either endorsed or been certified by the Smart Campaign. Further, the portfolio companies follow internal exclusion and anti-corruption policies based on international standards and local legislation.

All of the portfolio companies have either endorsed or been certified by the Smart Campaign.

Geographical presence



Geographical allocation of invested capital



Further, the portfolio companies follow exclusion and anti-corruption policies based on international standards and local legislation.

The Fund's reporting is based on six social indicators. The selection of these indicators is based on the *Client Protection Principles of the Smart Campaign*, the *Universal Standards for Social Performance Management of the Social Performance Task Force* and indicators used by social performance rating agencies. More information on the national and international standards can be found in Appendix 2.

The six indicators are:

1. Outreach
2. Prevention of overindebtedness
3. Interest rates and responsible pricing
4. Product mix and range of service
5. Community and environmental development
6. Employment

Outreach

Outreach is a vital factor of social impact. The outreach indicator is constituted by a series of subindicators such as the number of clients, percentage of female clients, number of branches, the total loan and savings portfolio and the portfolio at risk. On the next pages, an overview of the total outreach is presented.

Prevention of overindebtedness

The companies have implemented extensive procedures on determining the risk level of their clients. The use of credit registers is widely integrated in the loan granting process, and interviews with the spouse, gurantors and even neighbours are carried out prior to granting a loan. Additionally, some companies carry out tests to determine if clients have understood the loan terms. Through the endorsement or certification of the Smart Campaign, the portfolio companies have committed to ensuring that clients have the ability to pay back and will not become overindebted. The portfolio at risk above 30 days, PAR>30, is at a satisfactory level for all companies indicating a general ability to repay loans among clients.

In general, prices, terms and conditions are displayed in the branches, detailed in leaflets and explained to clients prior to granting a loan.

Interest rates and reasonable pricing

The interest rates vary between the institutions depending on country and loan type. The level of interest rates is in line with the market and less expensive than most competitors. The rates may seem high, but the cost of distribution, capital and risk is significant in many of the countries in which the Fund invests. Loans are always in local currencies which is sometimes associated with a high level of inflation, and usually the loan amounts are small with short tenure. In all cases, the financial institutions of the portfolio engaged in lending represent a much cheaper and safer option than the traditional black market loan sharks.

Product mix and range of service

The portfolio companies offer a wide variety of services. In addition to the various credit types, they offer savings accounts, insurance, money transfers, credit cards, financial education, mobile branches and small branch correspondents which are small business owners conducting deposits and withdrawals for clients. This is in line with the principle of the Smart Campaign on having an appropriate and relevant product portfolio.

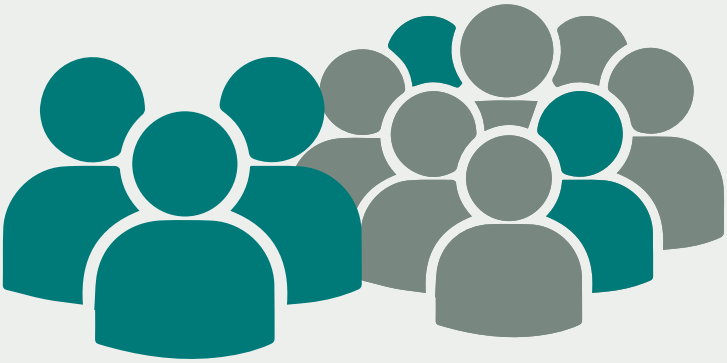
TOTAL FUND OUTREACH INDICATORS

Savings portfolio

1,542
USDm

Loan portfolio

3,459
USDm



4.3
million clients

57%
female clients

2,701
branches

Community and environmental development

Along with financial services, the portfolio companies have extensive focus on developing and reaching out to their surrounding communities by providing both clients and the surrounding community with non-financial services. Focus is in particular on the empowerment of women, financial literacy and education and the provision of clean energy sources and access to clean water. In Bolivia, for example, more than 26,000 school children and 7,000 clients have benefitted from BancoSol's financial education program.

Employment

The portfolio companies create many jobs in their respective countries and employ close to 18,000 people all together. The different initiatives for the employees vary from company to company but encompass policies on social and environmental practices, discrimination, compensation and medical care.

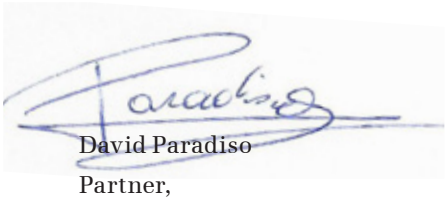
Investing in financial institutions in Latin America, Africa and Asia is a sound contribution to financial inclusion of the poorest part of the population, and can be a significant contribution to the prosperity of each individual and to the economic progress of the developing countries in these regions. However, financial inclusion must be accompanied by other initiatives to alleviate poverty, reduce inequalities and empower women, including a stable political and economic environment together with investments in infrastructure, education and health, and other important sectors.

> *As such, financial inclusion is not a guarantee for prosperity for everyone with access to financial services, but it creates an important opportunity for each individual.*

It contributes to the financial inclusion of developing countries to the benefit of long-term social and economic growth.

Copenhagen, 31 May 2018

Kasper Svarrer
Managing Partner,
Financial Inclusion
Maj Invest Equity A/S



David Paradiso
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The Urubamba Valley, also known as the Sacred Valley, in Peru.

THE SUSTAINABLE DEVELOPMENT GOALS 2030

In 2015, the UN launched the Sustainable Development Goals 2030 (SDGs) defining worldwide sustainable development priorities. 17 goals including 169 targets were established and set out to stimulate actions the following years. The goals are centered around the three dimensions of a sustainable development: economic, social and environmental. Governments, businesses and civil society together with the UN are mobilizing efforts to achieve the goals by 2030. In general, companies across all sectors are encouraged to contribute to a sustainable development through investments, among other things.

Some of the goals are closely linked to the social focus areas of the financial institutions in Danish Microfinance Partners K/S. As part of the Fund's contribution, DMP maps the social impact of the fund against the SDGs. Overall, the investments of the Fund contribute to seven of the SDGs and nine targets as described below. The targets indicate how the Fund and its investments contribute to the individual SDG. In each company section an overview of the contribution to the SDGs is presented.

SUSTAINABLE DEVELOPMENT GOAL 1

End poverty in all its forms everywhere.

Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

Danish Microfinance Partners K/S contributes to this SDG through all of the fund's investments. The financial institutions provide micro and small loans to people in the low income group in Latin America, Asia and Africa. Financial inclusion is not the silver bullet to end poverty, but it creates an opportunity for each individual to prosper and to get out of poverty. All together, the companies reach out to 4.3 million clients. As such, the fund contributes to creating easy access to financial services for all.

SUSTAINABLE DEVELOPMENT GOAL 3

Ensure healthy lives and promote well-being for all at all ages.

Target 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

The investment in Próspero contributes to this SDG through the financial institutions Insotec and Faces which offer health education and programs such as access to medical consultations, medicine and maternal care.

Arohan in India (Aavishkaar Goodwell) offers healthcare services to both clients and the surrounding communities. Arohan has provided free medical and diagnostic services to more than 1,300 women and children.

SUSTAINABLE DEVELOPMENT GOAL 4

Ensure inclusive and quality education for all and promote lifelong learning.

Target 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.

Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

All of the Fund's investments offer various financial education and/or vocational and technical skill training to their clients. BancoSol also offers an educational program for school children with focus on the importance of savings, among other things. Arohan in India has significant focus on providing skill training to their clients, who are primarily women, and more than 350,000 have benefitted from these programs.

SUSTAINABLE DEVELOPMENT GOAL 5

Achieve gender equality and empower all women and girls.

Target 5.1: End all forms of discrimination against all women and girls everywhere.

All of the financial institutions recognize the importance of including women in financial services. On average, 57 per cent of the clients are female. In particular, Arohan in India focus on the empowerment and inclusion of women in financial sercies. Women account for 98 per cent of the client base, and the loan granting transforms the women from homemakers to active entrepreneurs, adding to society and their own lives by generating income, productivity and employment. Credinka in Peru has developed specific products exclusively for women living in rural areas. All of these initiatives greatly contribute to the empowerment and independence of these women.

SUSTAINABLE DEVELOPMENT GOAL 6

Ensure access to water and sanitation for all.

Target 6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all.

Target 6.2: By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.

Microcred, Africa is the official distributor of the LifeStraw® in Senegal and the Ivory Coast through its Baobab+ program. The LifeStraw filters 99.99 per cent of all bacteria and turns contaminated water into clean drinking water. Depending on the product, each LifeStraw can filter up to 100,000 liters of water. The straw and other products can be bought in Microcred branches. Through the distribution of the LifeStraw, Microcred significantly contributes to the mission of creating access to safe and affordable water to all. Arohan (Aawishkaar Goodwell) has established a water sanitation plant in West Bengal, providing clean drinking water to more than 200 families in the community. Arohan also offers sanitation loans for the construction of toilets.

SUSTAINABLE DEVELOPMENT GOAL 7

Ensure access to affordable, reliable, sustainable and modern energy for all.

Target 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services.

The fund contributes to SDG 7 through the investments in Microcred in Africa and Arohan (Aawishkaar Goodwell Fund) in India.

According to Microcred, two thirds of the African population does not have appropriate access to electricity. The Baobab+ program addresses this issue by making affordable modern solar lamps and domestic solar systems available to everyone. Solar products are available through Microcred's branches and in Baobab+ stores. Since the launch of the program in 2015, more than 35,000 homes have been equipped with solar solutions, and 210,000 people have benefitted from the program. The lamps improve people's lives significantly and prolong the activity hours of the population, enabling them to cook, study and work beyond the hours of daylight. Arohan in India also promotes renewable energy via the sale of solar lamps to clients.

SUSTAINABLE DEVELOPMENT GOAL 10

Reduce inequality within and among countries.

Target 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

All in all, and in continuation of contributing to alleviating poverty, the investments of the Fund contribute to reducing inequalities. The financial institutions enable parts of the population, who have previously been underserved or have had no access at all to financial services, to be included and have access to financial services. Financial inclusion empower the included and promote social and economic equality.

BANCOSOL

ABOUT

In February 1992 BancoSol was established with a client base of 22,000 borrowers and a portfolio of USD 5.2 million. At that time, there were only few institutions in Bolivia focusing on the development of the micro enterprise sector, and after a couple of years BancoSol more or less had a monopoly in the granting of loans to micro entrepreneurs. Today, BancoSol has become one of the main financial entities in the country.

CONCLUSION

BancoSol has a high level of social awareness and holds a Smart Campaign certification demonstrating that the institution upholds the Client Protection Principles. BancoSol offers a wide variety of products and has accomodated the need for implementing mobile and online services. BancoSol reaches out to 925,000 clients through its 508 branches and correspondents. More than 50 per cent of the clients are female which is a small increase since last year. BancoSol offers reasonable pricing with average interest rates p.a. which are on par with market rates and a well-developed system to prevent overindebtedness. The surrounding community greatly benefits from the initiatives of BancoSol, and the programs include sport events, financial education and music lessons for school children. All in all, nearly 47,000 clients and children benefitted from the programs.

GOVERNANCE & POLICIES

Anti-money laundering and anti-corruption

The national legislation on anti-money laundering and internal policies of BancoSol serve as the legal framework ensuring that the bank carries out adequate control of its operations. All suspicious transactions are reported to the national unit for financial investigation (UIF).

INTERNATIONAL STANDARDS & SOCIAL RATING

Client protection principles

In January 2014 BancoSol was certified by the Smart Campaign for demonstrating high standards of client protection. BancoSol was re-certified by MicroFinanza in Juli 2017. The Smart Campaign's Certification program publicly recognizes those institutions providing financial services to low-income households whose standards of care uphold the Smart Campaign's seven Client Protection Principles. These cover areas such as pricing, transparency, fair and respectful treatment of clients and the prevention of overindebtedness.

BancoSol was rated by the global microfinance rating agency Planet Rating in March 2015, evaluating the social impact results of 2014. It was rated a "4+" on a scale of 1-5, expressing that BancoSol demonstrates a clear commitment to social goals, reasonable management of social performance and social responsibility risks, as well as being likely to achieve its social goals.

SUSTAINABLE DEVELOPMENT GOALS

Last year, the Fund began to map its investments against the Sustainable Development Goals. The investment in BancoSol contributes to the following SDGs:

SOCIAL IMPACT RESULTS

The results are based on selected key social indicators. A social indicator is used to assess an institution's performance on social impact. In the following, six social key indicators for BancoSol are presented:

1. Outreach
2. Prevention of overindebtedness
3. Interest rates and responsible pricing
4. Product mix and range of service
5. Community and environmental development
6. Employment

1. Outreach

The outreach indicator is composed of several subindicators. On the following pages, the outreach of 2017-2018 is presented.

2. Overindebtedness

BancoSol has incorporated efficient policies on the prevention of overindebtedness. They include a complete analysis of the clients' ability to repay loans and a check-up in the central risk register, including the spouse and guarantor. According to the internal policy, neither the client nor the guarantor is allowed to have loans in more than two other institutions, and the client cannot have more than three current loans in BancoSol.

The check-up process of clients begins with a systematic enquiry with the central risk registers. This allows BancoSol to determine the risk level (low, medium or high) of the clients and their ability to repay loans. This process always includes a visit to the business and the residence of the clients together with an evaluation of the clients' income, expenses and equity. All loans must be approved by the Credit Committee.

3. Interest rates and responsible pricing

The average interest rate is 15.3 per cent with interest rates ranging from 6 per cent to 11.5 per cent for loans deployed to the productive sector and from 10.5 per cent to 27.5 per cent for other types of products such as mortgages, cash requirements and individual loans. The lower level compared to previous years is due to new Bolivian

BANCOSOL OUTREACH

925,000
clients

SAVINGS CLIENTS: 90%

Savings portfolio
1,127
USDm

Loan portfolio
1,446
USDm

52%

female clients

508

branches & correspondents

0.8%

PAR>30

PAR>30

PAR>30 is the percentage of loans which are overdue by more than 30 days.

regulation imposing interest caps, specially for productive loans. The legislation of Bolivia decrees that certain transactions and financial services must be free of charge. Therefore, BancoSol offers differentiating prices on products. The costs of loans are reasonable, competitive and on par with the market rates.

4. Product mix and range of service

BancoSol offers a wide portfolio of products such as loans to microenterprises and agricultural activities, housing and car loans, savings accounts, fixed term deposits, life insurance, mobile banking services as well as debit/credit card and remittances services.

BancoSol has an app, AppSol, making it easier for clients to access their accounts from any place. Another service is the the internet banking system Solnet enabling clients to make transactions and other banking activities online. Additionally, BancoSol has several mobile agencies in the form of specially designed trucks.

5. Community and environmental development

BancoSol has developed several programs for the benefit of clients and the surrounding community. The programs are: Milla Extra, CopaSol, ClaveSol, AulaSol, CorreSol and AccionSol, each with a different focus area.

Milla Extra is a volunteer program aimed at the employees of BancoSol which seeks to promote the values of the bank through voluntary iniciatives focusing on both the internal and external community. 353 volunteers participated in the year 2017.

CopaSol provides soccer training to school children through which the bank seeks to strenghten and provide healthy values in school children. 736 school children participated in the CopaSol program during 2017.

ClaveSol is a music program teaching children how to play instruments such as the violin, viola, cello and double bass in the ClaveSol workshops. BancoSol seeks to provide the children with values such as excellence, responsibility and punctuality. In 2017, BancoSol provided music teaching to 512 school children.

AulaSol includes two separated programs, one for school children and one for clients. Through workshops, BancoSol seeks to instil the importance of saving in

school children. AulaSol for clients was initiated with the goal of developing the financial skills and creating knowledge on financial planning, savings and the responsible use of credit products. 16,573 school children and 7,414 clients participated in the program in 2017.

CorreSol was created to initiate a healthy lifestyle through physical activity. The three most famous pedestrian routes create the setting for three races: Cliza-Punata - 13 km in Cochabamba, El Torno - 11 km in Santa Cruz and El Alto - 11 km. In 2017, a total of 20,730 people participated in the races.

AccionSol is a donation program directed at the part of the population with limited resources and who needs economic support to cover medical help. 900 people benefited from the program.

Environment

Additionally, BancoSol has increased its focus on the environment, especially on the areas of the use of water, lighting and recycling. For example, the bank has installed timers in outside lighting and air condition systems reducing the use of energy. BancoSol has also implemented video conference systems to reduce traveling and contributing to reduce pollution and has reduced the number of printouts and photocopies.

6. Employment at BancoSol

BancoSol employs 2,947 people of which 48 per cent is female. BancoSol has established internal policies which ensure an appropriate level of equal rights. The policies prohibit any type of discrimination in relation to gender, race, religion, age, civil status and disability during the employment process and towards current employees.

The wages are regulated according to official salary scales, and the annual minimum increase is regulated by law. The employees benefit from a social security system of the bank adherent to the law. This includes the required days off, health camps, education on work-related hygiene and safety as well as recreational activities.

ALSO VISIT

www.bancosol.com.bo
www.facebook.com/BancoSolidarioBolivia

CREDINKA

ABOUT CREDINKA

Credinka was formed in 1994 as a rural co-op as a response to the great need of easily accessible financial services, primarily aimed at the population of the rural sector with the objective of improving their way of life. Credinka is a financial institution which is regulated and supervised by the SBS (Peruvian Financial Regulator) and the Central Reserve Bank of Peru.

Credinka is specialised in offering financial services within microfinance and small and medium enterprises. Furthermore, Credinka provides access for the Andean community to financial services.

Danish Microfinance Partners invested in Credinka in 2013.

CONCLUSION

In 2017, Credinka reached 142,418 clients. Credinka now has 88 branches and information points in 13 regions in Peru. Nearly half of Credinka's clients are female and one third lives in rural areas.

Credinka is an endorser of the Client Protection Principles of the Smart Campaign and both Diviso and Credinka follow Peruvian legislation on anti-money laundering and anti-corruption. Additionally, both companies have published a corporate social responsibility report as required by national legislation, and Diviso recently became a member of Peruvian program for promoting investment policies that incorporate environmental, social and governance (ESG) aspects. All in all demonstrating both companies' commitment to drive sustainable business approaches. Furthermore, Credinka has been rated by two credit bureaus and received a positive rating in both. Credinka has well-established procedures on the prevention of overindebtedness, reasonable interest rates on par with the market and good employment terms.

On non-financial services, Credinka continues to have significant focus on financial education and more than 1,200 clients have benfitted from Credinka's financial education programs.

GOVERNANCE & POLICIES

In 2017, Credinka has according to national legislation prepared a report on corporate social responsibility and a report on good corporate governance.

Anti-money laundering and anti-corruption

Credinka has policies in place on anti-corruption as well as the prevention of money laundering and financing of terrorism. Additionally, through the policy on loan granting Credinka does not provide loans for activities that presumably are illegal or for political activities. Credinka continuously trains its staff on the

SUSTAINABLE DEVELOPMENT GOALS

Last year, the Fund began to map its investments against the Sustainable Development Goals. The investment in Diviso/Credinka contributes to the following SDGs:

identification and verification of activities that could be illegal. In Peru, the Unidad de Inteligencia Financiera (UIF - financial intelligence unit) is the legal unit that analyses, treats and provides information in order to prevent and detect money laundering. As adherent hereto and through its policy, Credinka follows processes and a series of measures in order to prevent money laundering.

INTERNATIONAL STANDARDS & SOCIAL RATING

Credinka is an endorser of the Smart Campaign showing its commitment to the Client Protection Principles.

Credinka has been rated by the credit rating bureaus Class & Asociados and Pacific Credit Rating. Credinka was rated ”B-” and ”B”, respectively, which is the same as last year. The ratings signify that Credinka is a solvent institution with great financial value, a strong position within the financial system, full coverage of current risks but somewhat vulnerable towards external risks.

SOCIAL IMPACT RESULTS

The results are based on selected key social indicators. A social indicator is used to assess an institution’s performance on social impact. In the following, six social key indicators for Credinka are presented:

1. Outreach
2. Prevention of overindebtedness
3. Interest rates and responsible pricing
4. Product mix and range of service
5. Community and environmental development
6. Employment

1. Outreach

The outreach indicator is composed of several subindicators. On the following pages, the outreach of 2017-2018 is presented.

2. Prevention of overindebtedness

Credinka has implemented relevant measures to prevent overindebtedness. The institution verifies the credit history and the debt of potential clients, their spouse and guarantors. Information is gathered from the central register of risk of SBS and the private credit bureau INFORMA Peru. In Peru, it is mandatory for all loan clients to have insurance when taking a loan. As such, all clients in Credinka are obligated to take a payment protection insurance.

The portfolio at risk indicator PAR>30, an indicator for loans overdue by more than 30 days, is 4.2 per cent for Credinka.

3. Interest rates and responsible pricing

The nominal interest rate varies between loan types. The rate is 29.6 per cent p.a. for micro enterprises, 13.4 per cent p.a. for small enterprises and 15.4 per cent for medium enterprises. For consumer loans the rate is 38.0 per cent. The interest rate on loans is levelled with the interest rate of the market, and costs are competitive. Clients can at all times access information on costs as

CREDINKA OUTREACH INDICATORS

142,000
clients

SAVINGS CLIENTS:	50%
RURAL CLIENTS:	35%

48%
female clients

17%
loan portfolio

88
branches & correspondents

4.2%
PAR>30

PAR>30
PAR>30 is the percentage of loans which are overdue by more than 30 days.

Loan portfolio
240
USDm

LOAN AND SAVINGS PORTFOLIO
The total savings portfolio constitutes USDm 178.5, an increase of 9.8 per cent.

these are displayed in the branch offices, through the regulator as well as on Credinka's website.

4. Product mix and range of service

Credinka provides loans, savings accounts, insurances, investment services and other financial services such as debit cards, money transfers and investment products through the mutual fund Diviso Fondos.

Credinka focuses on clients living in rural areas, and in particular on women. By including this group in financial services, Credinka ensures a sustainable development and social progress in these remote areas. Through the product *Ahorro Proyecto Desarollo* focusing on financial inclusion of women in the rural areas, Credinka gained almost 1,000 new micro loan clients.

Credinka continues to attend to the many clients who speak Quechua and Aymara as their native language, and Credinka has employed staff who speak these languages in selected agencies, making the clients more comfortable carrying out their financial transactions.

Thanks to this initiative, Credinka was honoured as the institution with the best savings product with a specific intention in October 2015 at the Foromic, a financial inclusion conference. Credinka's product *Microahorro Mujeres*, a product for women living in rural areas difficult to access, received the honour.

5. Community and environmental development

Credinka continues to focus on financial education. In continuation of its alliance with Fundación Alemana, Credinka has hosted several financial education workshops focusing on how to manage income and expenses in the family, the importance of having savings, and the importance of having a responsible and appropriate approach to loan taking. More than 800 clients in the Cusco area benefitted from these workshops during the year.

Credinka has also continued the collaboration with Elevate Business, a business management and financial literacy training company. The project was launched in March 2017. Elevate Business provides training to

clients and empowers small business owners with the tools needed to improve and grow a sustainable business. So far, more than 400 clients have participated in the training.

Diviso, including Credinka, puts great emphasis on supporting and helping the surrounding communities. For the families living in the extremely harsh northern region of Peru, where natural disasters such as the weather phenomenon El Niño dominate, Diviso has donated a sum of money to the charity organisation Caritas. The employees of Diviso also carried out a collection, which they donated to the organisation.

Credinka also has great focus on the Peruvian culture and participates in many of the local festivals and celebrations. Additionally, in December 2017 Credinka gathered various toys for children living in poverty and children with disabilities.

Environment

Credinka continues to work on minimising the effects of its operations by using materials with the least impact on the environment; educating, involving and giving a sense of responsibility to clients and the communities in general on taking care of the environment; and complying with the existing environmental regulations applicable for financial institutions. In general, Credinka is working on reducing its use of paper, water, electricity etc.

6. Employment

Credinka employs 1,163 people in total of which 48 per cent are female.

During the year, Credinka has initiated a series of activities and programs to improve the well-being of the company's employees, not only the physical health but also the mental and social health for both the employees and their families. In 2017, focus has in particular been on information on how to identify and handle signs of cancer, primarily for women. 220 women working with Credinka benefitted from this initiative in 2017. Other health focus areas included dental care and general health checks. More than 720 employees have benefitted from these checks.

ALSO VISIT

www.diviso.pe

www.credinka.com | www.facebook.com/Credinka

MICROCRED

ABOUT

Microcred was founded in 2005 through the initiative of Mr. Arnaud Ventura, founder and CEO, by Positive Planet (previously PlaNet Finance) and shareholders. Microcred is the leading digital financial inclusion group focusing on serving individuals as well as micro and small businesses in Africa and China. Microcred provides simple, affordable and easy to access products to people underserved by traditional banks.

In 2017, Microcred began the process of changing its name and updating its brand to Baobab in order to reflect the expansion of the product range beyond the provision of credit to microentrepreneurs. The needs of the clients have evolved and with the name change, Microcred wishes to reflect this evolvement in their identity.

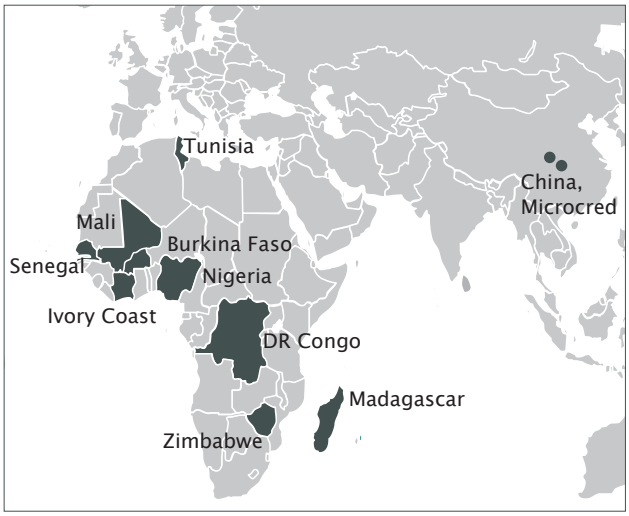
DMP invested in Microcred in 2013.

CONCLUSION

As an endorser of the Client Protection Principles of the Smart Campaign, Microcred shows a high level of commitment to client protection. Microcred has sound policies and measures in place on anti-corruption and anti-money laundering, and has also clearly defined the types of activities Microcred will finance in accordance with the IFC Exclusion List.

In terms of outreach, Microcred is continuously expanding its presence and now has more than 1,000 branches and correspondents in Africa and China. Correspondents are small business owners conducting deposits and withdrawals for Microcred's clients. 700,000 clients are served of which 44 per cent are female. 52 per cent of the loan clients also have a savings account. Additionally, the loan portfolio is very healthy with only a small percentage of overdue loans.

The Baobab+ program launched in 2015 continues to be successful, and more homes and people have been equipped with solar lamps and access to clean water. The Baobab+ program significantly improves the daily lives of the clients, providing them with easily accessible energy, clean water and important business tools such as tablets.



GOVERNANCE & POLICIES

Anti-money laundering and anti-corruption

Microcred has in place an anti-corruption and anti-fraud policy. The policy is to be signed by every employee upon joining the Microcred group.

Exclusion list

Microcred is committed to avoiding financing activities listed on the IFC Exclusion List. These include activities which are illegal or harmful to the health, safety, physical and moral integrity of human beings, or biodiversity. Microcred's goal is to limit the negative social and en-

SUSTAINABLE DEVELOPMENT GOALS

Last year, the Fund began to map its investments against the Sustainable Development Goals. The investment in Microcred contributes to the following SDGs:

vironmental impact of the financed activities by having a measuring and monitoring mechanism. Loan applications to finance activities present on the exclusion list are rejected, and the proportion of moderately risky and risky activities in the portfolio is capped.

All loans are classified into three categories:
(A) loans causing harm to the environment in a direct way, with loose security and working conditions
(B) loans that cause indirect harm to the environment, with indirect impact on the security and working conditions
(C) loans with minimal impact

The financing of class A products is prohibited and the limit for financing class B products is 10 per cent of the total portfolio.

Commercial officers assess the social and environmental performance of activities in their initial information gathering. The rejection of loan applications for the funding of activities included on the exclusion list takes place at the end of the assessment, and as a last resort by the Credit Committee.

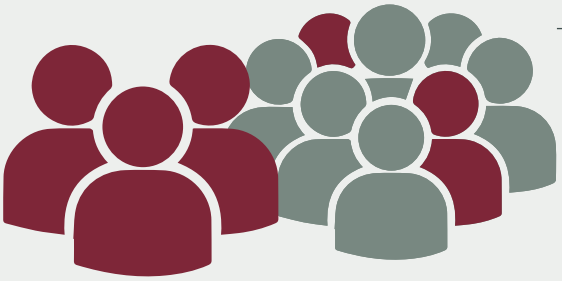
INTERNATIONAL STANDARDS & SOCIAL RATING

Microcred and the majority of its institutions have endorsed the Client Protection Principles of the Smart Campaign. The endorsement of the campaign means undertaking all necessary procedures for the implementation of the principles in operations and institutional culture.

Microcred's Social Performance Management (SPM) Policy is based on the Universal Standards for Social Performance Management (USSPM) of the Social Performance Task Force (SPTF) and the Client Protection Principles of the Smart Campaign. Since the beginning of 2016, Microcred has been using the social performance indicator audit tool to evaluate the institutions and to verify the gap between their actual performance and what is considered optimal performance according to the USSPM. To ensure proper implementation of the SPM Policy, there is a social performance coordinator in each institution in charge of implementing the SPM Policy.

MICROCRED OUTREACH INDICATORS

700,000
clients



SAVINGS CLIENTS: 52%

44%
female clients

Loan portfolio
662
USDm

1,048
branches & correspondents

NUMBER OF BRANCHES

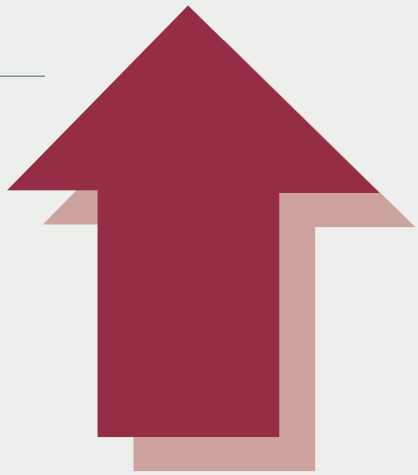
In 2017, Microcred reached 205 branches and 843 correspondents which are small business owners conducting deposits and withdrawals for Microcred's clients.

PAR>30

PAR>30 is the percentage of loans which are overdue by more than 30 days.

2.3%
PAR>30

Savings portfolio
236
USDm



SOCIAL IMPACT RESULTS

The results are based on selected key social indicators. A social indicator is used to assess an institution's performance on social impact. In the following, six social key indicators for Microcred are presented:

1. Outreach
2. Prevention of overindebtedness
3. Interest rates and responsible pricing
4. Product mix and range of service
5. Community and environmental development
6. Employment

1. Outreach

The outreach indicator is composed of several subindicators. On the previous pages, the outreach of 2017-2018 is presented.

2. Prevention of overindebtedness

In line with the Client Protection Principle *Prevention of Overindebtedness,* Microcred takes reasonable steps to ensure that credit will be offered only if borrowers have demonstrated an adequate ability to repay, and loans shall not put the borrowers in risk of overindebtedness. In the process, Microcred ensures that a maximum of 70 per cent of the monthly repayment capacity is used for the repayment of the loan instalment, that future indebtedness of the business is less than 60 per cent and that future total indebtedness is less than 30 per cent. When available, credit bureau information is used and clients informed about the danger of overindebtedness.

Furthermore, loan sizes can only increase with a demonstrated repayment capacity for the new and increased loan, and no item intended to meet a client's elementary needs can be accepted as a guarantee to the loan, i.e. beds, clothes (other than stock) etc. Regular client audits are completed, including validation of the consistency of the data, i.e. expenses and revenues collected by commercial officers and validation of the use of the loan. Loans are restructured if clients experience a significant reduction in income.

PAR>30 is the percentage of loans which are overdue by more than 30 days. For Microcred it is 2.3 per cent.

3. Interest rates and responsible pricing

Microcred has developed a set of Price Definition Guide-

lines outlining the rules and guidelines on product pricing and the effective interest rates (EIR) on loan products. All of Microcred's institutions must implement and comply with these guidelines. The pricing policy and the interest rates are based on market studies, client satisfaction surveys and local regulations, among other things. The pricing policy is reviewed on a regular basis, but minimum annually.

The effective interest rates (EIR) on credit vary between the financial institutions according to their respective countries. Some of the institutions are subject to caps on interests. In Senegal, Mali, the Ivory Coast and Burkina Faso the cap on EIR is 24 per cent p.a. In China the cap is 4x PBOC (People's Bank of China) lending rates. In China the central bank's most recent interest rate is 4.35 per cent. Financial institutions, banks or other lending companies are regulated and their interest rates may not exceed 4x4.35 per cent. Madagascar, Nigeria, Tunisia and Zimbabwe do not operate with caps.

The average nominal interest rates range between 12.9 per cent p.a. on loan products to SMEs and 26.2 per cent p.a. on microloans. Only Microcred's financial institutions in countries without a cap have higher average interest rates. This is due to the fact that they are greenfield in very difficult markets, and the cost of capital is substantially higher in these countries than in other markets. In addition, there is a high level of inflation and smaller loan sizes than average. Also, the infrastructure is poor, which all in all results in high operating costs. The interest rates are in line with the market and less expensive than most competitors. Microcred's financial institutions also represent a safer and much cheaper alternative to financing than the traditional black market loan sharks. Microcred is aware of the high interest rate and is aiming to lower it as soon as a sustainable business has been established.

All prices, terms and conditions are displayed on posters in client waiting areas, detailed in leaflets available in each branch and listed and explained to clients prior to the signature of the contract.

4. Product mix and range of service

The institutions offer a wide variety of services within

credit, savings, transfer and insurance. Within credit products, the institutions offer credits to small entrepreneurs and SMEs to finance their working capital and investment requirements. Within savings, the institutions offer products such as current accounts, savings accounts and term deposits. Other products include life insurance, health insurance and inventory protection as well as withdrawal cards, cheques and money transfers. Focus is on stimulating savings activities in Africa, as Chinese institutions are not allowed to collect savings.

Most recently, Microcred has significantly increased its focus on digital innovation. The company has developed a mobile app for the portfolio managers who spend most of their time in the field. The app is not only a tool for the PMs, it also improves the client service experience. It is easier for them to make informed and quick decisions about renewing loans and provide real time information to their clients.

5. Community and environmental development

Through the Baobab+ program, Microcred promotes and distributes innovative non-financial products to improve the lives of the company's clients. Microcred distributes solar lamps in Senegal, Madagascar and Mali; tablets in the Ivory Coast; and the LifeStraw in Senegal and the Ivory Coast.

In Africa, two thirds of the population does not have appropriate access to electricity. Baobab+ addresses this issue by making domestic solar solutions available and enabling people to have access to light. The lamps significantly improve the lives and prolong the activity hours of the population by being able to cook, study and work beyond the hours of daylight. Additionally, people can communicate more freely by being able to recharge their phones at any time, independently.

One third of the world's population does not have access to clean water. Through Baobab+, Microcred is the official distributor of the LifeStraw in Senegal and the Ivory Coast. The LifeStraw filters 99.99% of all bacterias creating easier access to clean water.

Furthermore, Baobab+ focuses on education via digital content and tools by distributing and financing tablets. In cooperation with Foundation Breteau, Baobab+ offers a tablet with a selection of educational apps. Additionally, Baobab+ provides a business tablet with tools enabling entrepreneurs to record sales, manage inventory etc. The plan is to extend the initiative to all its African subsidiaries.

Microcred Tunisia has developed a financial education program for some of the clients in cooperation with the organisation Cawtar - the Centre of Arab Women for Training and Research. The program is an online learning platform consisting of four modules primarily aimed at young entrepreneurs.

Environment

Microcred is committed to preserving the environment and promoting awareness on environmental issues. The institutions do not finance activities harmful to the environment according to a rating procedure carried out by commercial officers. Microcred has introduced a strategy for 2013-2020 for creating products financing the production, distribution, sale or purchase of goods and services with high environmental value. In addition, various subsidiaries organise campaigns tailored to the needs of the country in which they operate.

6. Employment at Microcred

Microcred has a total of 3,735 employees of which 42 per cent is female.

ALSO VISIT

https://www.baobab.bz/

AAVISHKAAR GOODWELL

ABOUT

Aavishkaar Goodwell (Aavishkaar or the fund) is a for-profit micro venture capital fund which provides equity finance and hands-on support to enterprises active in the microfinance sector. The investment strategy is to provide smart commercial long-term capital and active support to entrepreneurial microfinance institutions either at an early stage or at growth stage. The goal is to promote sustainable development by improving access to affordable financial services for the un(der)banked.

CONCLUSION

Aavishkaar continues to demonstrate a high commitment level to social impact. Together and individually the portfolio companies have significantly increased their outreach in terms of clients and branches. The portfolio companies of Aawishkaar now serve 2.4 million clients of which more than 95 per cent are female. Through the 885 branches and nearly 10,000 ATM's in 18 states, the clients are able to finance their activities and make their financial transactions. The average PAR>30 is 7.3 per cent. This is a decrease since last year, but it is still affected by the demonetization in India. Additionally, Aavishkaar and the fund's portfolio companies employ nearly 8,000 people.

Aawishkaar requires that its portfolio companies promote sustainable development. Aavishkaar adheres to the Client Protection Principles of the Smart Campaign, the UN-backed Principles for Investors in Inclusive Finance (PIIF) and the Indian association MFIN's credit bureau recommendations. Furthermore, the exclusion list of Aavishkaar is aligned with that of the International Finance Corporation (IFC). Thus, Aavishkaar demonstrates a high level of compliance with international recommendations in relation to social impact.

Additionally, the portfolio companies have initiated various social programs and initiatives for their clients with great focus on financial education, financial literacy and the empowerment of women. Healthcare programs are also provided to clients.

SUSTAINABLE DEVELOPMENT GOALS

Last year, the Fund began to map its investments against the Sustainable Development Goals. The investment in Aawishkaar contributes to the following SDGs:

THE COMPANIES

Utkarsh

Utkarsh is a microfinance institution providing financial and non-financial services to the unbanked population in the northern states of India. Initially, the company offered loans under the joint liability structure and insurance, but now also provides micro enterprise loans and micro pension.

IntelleCash

IntelleCash is a non-banking finance company (NBFC) that Intellecap launched in 2008 to provide incubation services to start-up MFIs. IntelleCash has provided wholesale lending and capacity building services to MFIs in India, Asia and Africa. IntelleCash seeks to play an active role in the consolidation of the microfinance industry in India. IntelleCash also holds a stake in Arohan.

Arohan

Arohan Financial Services Private Limited is a leading non-bank financial institution which is headquartered in Kolkata, India. Arohan targets the rural and urban poor population in northern and eastern India representing the country's underserved states in immense demand for financial services.

EPS - Electronic Payment Services

EPS offers oursourced ATM services and related retail channel services to banks and financial institutions across India and as become the preferred partner of public sector banks (PBS) in the state of Maharashta.

Swarna Pragati Housing Microfinance

Swarna Pragati aims at creating access to affordable housing in rural India. Housing microfinance can be defined as a loan product taken by an individual or an individual as part of a self help group or joint liability group for housing purposes. Housing refers to repairs, upgrading and incremental housing.

GOVERNANCE & POLICIES

Anti-corruption and anti-money laundering

Aavishkaar has a set of anti-corruption guidelines and anti-money laundering (AML) guidelines. The purpose

of these guidelines is to identify and avoid corrupt, fraudulent, coercive, collusive and obstructive practices in operations. Aavishkaar has appointed an anti-money laundering officer who is part of the investment committee and responsible for the AML procedures of the portfolio companies and the fund itself.

Exclusion list

Aavishkaar has an exclusion list which defines the types of projects that Aavishkaar does not finance. This list is aligned with the exclusion list of the IFC.

INTERNATIONAL STANDARDS & SOCIAL RATING

Client protection principles

Aavishkaar requires its investees to adopt and implement the Client Protection Principles of the Smart Campaign or any acceptable alternative. Aavishkaar is itself an endorser of the Smart Campaign. IntelleCash is an endorser of the Smart Campaign while Arohan and Utkarsh received the Smart Campaign Client Protection Certification in May and June 2015, respectively. Additionally, Utkarsh is a member of the Social Performance Task Force.

In India, all the microfinance institutions are expected to follow the Fair Practices Code of the Reserve Bank of India (RBI) which defines the terms for loan application and processing, loan appraisal and terms, disbursement of loans, interest rates charged, Know Your Customer guidelines, grievance redressal and information sharing with the customer. All Aavishkaar portfolio companies are compliant with RBI guidelines.

Swarna Pragati has formulated a Fair Practice Code which is pursuant to the National Guidelines issued by the National Housing Bank (NHB) on fair practices for housing finance companies.

In addition to this, the majority of the portfolio companies are members of the Microfinance Institutions Network (MFIN) and follow the Common Code of Conduct developed by Sa-Dhan (the Association of Community Development Finance Institutions) and MFIN. This ensures that the clients' rights are protected, and that they are treated in an ethical manner.

Furthermore, Aavishkaar follows the UN-backed Principles for Investors in Inclusive Finance (PIIF) with focus on sustainable and responsible investments. The PIIF are housed within the UN-supported Principles for Responsible Investment (PRI) initiative.

Arohan received a credit rating by CARE Ratings in December 2016 and was rated A minus/stable. This indicates that Arohan is considered to have an adequate degree of safety regarding timely servicing of financial obligations and carry low credit risk.

In August 2016, Utkarsh was rated by ICRA, a Moody's Investors Service Company and rating agency. Utkarsh received an MFI grading of M1 which indicates that Utkarsh's ability to manage its microfinance activities in a sustainable manner is the highest. The grading is supported by Utkarsh's good loan origination, internal audit, risk management and collection mechanisms, its experienced board, management team and strong investor profile.

In October 2016, Swarna Pragati was rated by CARE Ratings and was grated CARE BBB- indicating that the institution is considered to have moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk.

SOCIAL IMPACT RESULTS

The results are based on selected key social indicators. A social indicator is used to assess an institution's performance on social impact. In the following, six social key indicators for Aawishkaar are presented:

1. Outreach
2. Prevention of overindebtedness
3. Interest rates and responsible pricing
4. Product mix and range of service
5. Community and environmental development
6. Employment

1. Outreach

The outreach indicator is composed of several subindicators. On the following pages, the outreach of 2017-2018 is presented.

2. Overindebtedness

As an adherent to the client protection principles of the Smart Campaign, Aavishkaar has committed to taking adequate care in all phases of their credit process to determine that clients have the capacity to repay without becoming overindebted. In addition, the fund has implemented and monitors internal systems that support the prevention of overindebtedness and fosters efforts to improve market level credit risk management such as credit information sharing.

The Reserve Bank of India has made several regulatory changes such as the mandatory use of credit bureaus and debt ceilings which have restricted overleveraging for borrowers.

PAR>30 is the percentage of loans which are overdue by more than 30 days. For Aavishkaar PAR>30 ranges between 4.0 and 10.0 per cent. PAR>30 is still affected by the demonetization in India. The average PAR>30 is 7.3 per cent.

3. Interest rates and responsible pricing

In February 2014, the RBI stated that the average interest rate on loans should not exceed the lower of 2.75 times the average of the base rates of the top five commercial banks or the average borrowing cost during that financial year plus the margin (10 per cent in case of GLP>USD 16m and 12 per cent in case of GLP<USD 16m). Most MFIs use their own average borrowing rate in the calculation as this is typically the lower of the two options.

Nominal interest rates p.a. range between 20 and 26 per cent, and the average interest rate is 20.6 per cent.

Portfolio companies are required to be transparent according to the client protection principles. Pricing, terms and conditions should be set in a way that is affordable to the clients while allowing for financial institutions to be sustainable. Most of the portfolio companies of Aavishkaar have participated in the pricing data research of MFTransparency, a global initiative for fair and transparent pricing in the microfinance industry.

Arohan, for example, communicates the terms and conditions and pricing information to the clients in local language during the compulsory group training. At the time of disbursement, clients receive an individual loan agreement and loan card including loan details, terms and conditions and a repayment schedule. Arohan furthermore displays pricing information including the interest rate, loan processing fees and the insurance premium in its branches.

4. Product mix and range of service

Aavishkaar invests in institutions and companies which develop and extend the range of financial services in India to areas in which the population does not have access to traditional financial services. The products and services include microcredit loans, insurance, income generation loans, micro enterprise loans, pension, ATM solutions and individual loans for house improvement and incremental housing finance.

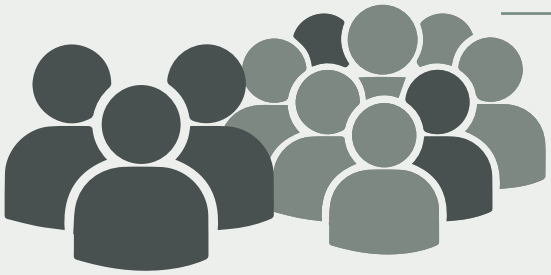
5. Community and environmental development

Several of the portfolio companies provide non-financial services to their clients. Focus is in particular on financial education, financial literacy and the empowerment of women. Healthcare programs are also provided to clients.

Utkarsh

Utkarsh has initiated several activities to the benefit of their clients. Through the Utkarsh Welfare Foundation Utkarsh offers financial education programs with the goal of building financial decision making capabilities through information, instructions and advice. Since the foundations establishment in 2010, a total of 242,000 people have benefitted from the various programs which have been developed and exucuted with reputable partners.

2.4 million
clients

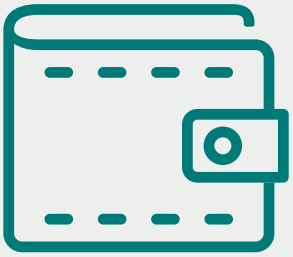


95%
female clients

Loan portfolio
645
USDm

885
branches

10,000
ATMs



7.3%
PAR>30

PAR>30
PAR>30 is the percentage of loans which are overdue by more than 30 days.

Utkarsh' Dialogue on Business program for micro businesses is an award-winning business skills training program developed by Accion. The workshops are based on real situations of the participants and the teaching methods are aimed at people who may not learn effectively in a traditional classroom set-up. Since inception of the program in 2016, nearly 3,000 clients have benefitted.

The foundation has also launched a so-called mega camp and began to implement series of camps on digital financial literacy in May 2017. More than 500 beneficiaries participated in the camp, and more than 25,000 have attended the digital financial literacy camps.

Another focus area of Utkarsh is the village development program. The program seeks to identify villages which are in need of an intervention to enhance their standard of living and focuses on self-reliance and capacity building. Since inception of the program, 3,900 clients have benefitted.

Arohan

In March 2018, a water sanitation plant was built and completed in Boral in West Bengal. The plant has many integrated functions. First of all it purifies and provides WHO quality clean drinking water to 200 families in the area. In addition, the waste from the plant is used to generate energy to lighting in the community through an integrated biogas plant, while the solid waste is used as organic manure. The plant also harvests rainwater to maintain the ground water balance in the community.

For this project, Arohan won in May 2018 the Jury Award for the CSR Project of the Year - Water, as part of the CSR Excellence Awards 2018 at the India International CSR Conclave and Awards held in Delhi.

Arohan also provides access to energy through the sale of solar lamps to clients via the partnership with D.light, a multinational social enterprise and global leader in solar-powered solutions.

In partnership with the financial company Accion, Arohan has created a financial awareness program for their clients in selected branches in the states West Bengal, Bihar and Assam. At year-end 2017 30,000 clients had participated in the program through classroom training sessions and more than 10,000 clients have benefitted from mass awareness campaigns. The fundamental concepts of financial planning, cash flow, budgetting, savings, debt etc. is covered during the training.

Arohan also hosted a series of skill-training camps in the states Assam, Bihar, Jharkhand and West Bengal. 400 young people were trained in IT, retail as well as beauty/wellness to help increase the employability.

In addition, Arohan has provided tailoring skills to 200 women helping them develop their own entrepreneural units in the state Odisha. 103 women have subsequently started their own businesses.

100 girls from the Inter College Jhumra in the state Jharkand were awarded the Arohan Scholarship for further education. The girls are attending 11th and 12th grade and live in a marginalised community where many girls are deprived of education. Arohan also distributed more than 1,000 school bags to children in primary school.

Women's welfare is in general a great focus point of Arohan, and during the year the financial institution provided free medical and diagnostic services in the states of West Bengal, Odisha and Assam. 1,365 women and children benefitted from the medical services.

On a final note, the incessant rains in July and August, 2017 resulted in severe floods across Assam. Employees and volunteers from Arohan provided food and other relief materials to 1,669 families in distress.

6. Employment at Aavishkaar

32 people are employed at Aavishkaar.

The total number of staff of the portfolio companies is 7,917.

ALSO VISIT

www.aavishkaar.in

www.facebook.com/AavishkaarVC

PRÓSPERO MICROFINANZAS FUND

ABOUT

Próspero Microfinanzas Fund (Próspero or the fund) is designed to bring strong, regionally based equity management capabilities to the many parts of Latin America lacking well-established, high-performing microfinance institutions (MFIs). Próspero was formed by Grassroots Capital Management and Bolivian Investment Management (BIM) with the purpose of making equity and equity-like investments in early and intermediate stage MFIs in Latin America and the Caribbean.

Próspero has dual goals of providing a competitive financial return to its investors and contributing to positive social impact to clients through its portfolio investments. The fund achieves the objectives by focusing on MFIs dedicated to serving the less penetrated microfinance markets and unbanked or underserved populations, and working with investee MFIs to enhance their social performance management and improve their ability to measure and report on social performance.

Danish Microfinance Partners invested in Próspero in 2011.

CONCLUSION

Próspero including all of the portfolio companies have endorsed the Client Protection Principles of the Smart Campaign. Additionally, Próspero actively follows the Universal Standards for Social Performance Management of the Social Performance Task Force and encourages the portfolio companies to apply this tool. This demonstrates a strong commitment to adhere to internationally recognized standards. The companies were rated by the social impact rating bureau GIIRS in April 2017 and received high scores on all parameters.

The seven portfolio companies of Próspero serve nearly 180,000 clients of which 47 per cent are female. All together, the companies reach out through 173 branches in five countries. This is an increase of 25 per cent. Próspero's companies continue to be greatly involved in their surrounding communities with focus on financial education, in particular, and health programs.

THE COMPANIES

ODEF Financiera, Honduras

ODEF Financiera was established in 1985 as a private organisation carrying out social activities within agriculture, environment and education for women. In 1989, the company began its first loan activities and has since then developed into a well-established financial institution providing financial services within credit and savings.

SUSTAINABLE DEVELOPMENT GOALS

Last year, the Fund began to map its investments agains the Sustainable Development Goals. The investment in Próspero contributes to the following SDGs:

Optima Servicios Financieros, El Salvador
Optima was founded in 2009 and is well-established financial institution providing a variety of loans for micro and SMEs, housing loans, agricultural loans and consumer loans.

Insotec, Ecuador
Insotec is a small microfinance institution established in 1994 with the goal to support the economic, social, technical and educational development in Ecuador. The company provides several credit types to its clients.

Faces, Ecuador
Faces is a small microfinance institution with focus on providing microcredit and non-financial services to agricultural producers and micro entrepreneurs.

Acceso Crediticio, Peru
Acceso was established in 1999 and began its operations in 2001. The company provides auto loans to both private individuals as well as businesses.

Cidre, Bolivia
Cidre is a small private organisation founded in 1981 with focus on microfinance to agricultural producers as well as to micro and small rural businesses. Cidre provides a series of loan types and insurances.

Sembrar Sartawi, Bolivia
Sembrar Sartawi is a financial institution providing credit to the underbanked part of the Bolivian population. It was established in 1991 with the goal to support and develop small agricultural producers.

GOVERNANCE & POLICIES

Anti-corruption and anti-money laundering

In April 2017, the portfolio companies of Próspero were rated by the credit bureau GIIRS. They all received high scores within governance demonstrating a high commitment to a strong governance structure and a high level of overall transparency.

INTERNATIONAL STANDARDS & SOCIAL RATING

Client protection principles

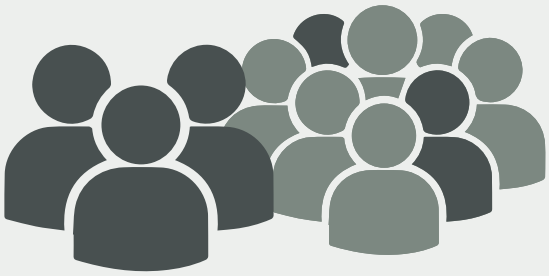
Próspero has committed to requiring investees to adhere to the Universal Standards for Social Performance Management by the Social Performance Task Force (SPTF Standards) and has already incorporated key aspects of the SPTF Standards into the due diligence process. Through the SPTF Standards Próspero is actively establishing and disseminating best practices.

The SPTF Standards serve as a guide on how to define and strengthen social performance management and help MFIs refocus on the client. They require MFIs to have clear goals for client outcomes, to respond to clients' needs and to measure and track progress toward client-outcome goals. They incorporate input from the Client Protection Principles of the Smart Campaign, MF-Transparency and other industry initiatives.

Próspero itself is an endorser of the Client Protection Principles of the Smart Campaign. All of the institutions have also endorsed the Smart Campaign. As an endorser of the Smart Campaign an institution demonstrates its commitment to the seven principles and signals that it is ready to take the next step towards implementing the principles fully in the daily operations.

The GIIRS rating conducted in April 2017 comprises an "investment roll-up", which is broken down into *impact operations* and *impact business model*, and a "fund manager assessment". The impact business model rating recognises business models specifically designed to solve social or environmental issues through company products, services, target customers, value chain, ownership or operations. Funds receive a medal rating with platinum being the highest. The overall rating of Próspero is platinum. The impact operations rating evaluates the environmental, social and governance impact of the business. Funds receive a star rating, with 5 stars being the highest. The overall rating of Próspero is 4 stars.

PRÓSPERO MICROFINANZAS FUND OUTREACH



180,000
clients

47%
female clients

173
branches

Loan portfolio

466

USDm

3.7%

PAR>30

PAR>30 is the percentage of loans which are overdue by more than 30 days.

SOCIAL IMPACT RESULTS

The results are based on selected key social indicators. A social indicator is used to assess an institution's performance on social impact. In the following six social key indicators for Próspero are presented. They include:

1. Outreach
2. Prevention of overindebtedness
3. Interest rates and responsible pricing
4. Product mix and range of service
5. Community and environmental development
6. Employment

1. Outreach

The outreach indicator is composed of several subindicators. On the previous pages, the outreach of 2017-2018 is presented.

2. Overindebtedness

The portfolio companies follow the SPTF Standards and are endorsers of the Smart Campaign which both address overindebtedness. This implies that the institutions should conduct appropriate client repayment capacity assessments before disbursing a loan, use credit bureaus when feasible, be aware of the risk of overindebtedness in general and monitor that policies to prevent overindebtedness are applied as well as avoid dangerous commercial practices.

The portfolio at risk above 30 days, or PAR>30, ranges between 1.8 and 5.0 per cent. The average is 3.7 per cent.

3. Interest rates and responsible pricing

The average nominal interest rate p.a. on loans vary from company to company. Both the Client Protection Principles and the SPTF Standards require that pricing, terms and conditions are affordable to clients, and some of the companies have also been awarded for their pricing. Sartawi, for example, was awarded the Seal of Pricing Transparency in 2014 by the organisation MFTransparency. Cidre was likewise awarded with the Seal of Pricing Transparency in 2015 for the period April 2014-April 2015.

The average yield on the gross loan portfolio is 27 per cent. The portfolio companies are charging interest rates at a range between 20 per cent and 31 per cent.

4. Product mix and range of service

The portfolio companies of Próspero provide a variety of loans to microenterprises as well as small and medium-sized companies, agricultural loans housing loans and in come cases consumer loans. Additionally, the companies offer various insurance products, money transfer, mobile payment, among other things. ODEF is currently the only institution accepting deposits.

5. Community and environmental development

The initiatives of the Próspero portfolio companies promote client wellbeing through financial education, health programs and donations.

ODEF has provided a certification program on financial education to clients focusing on topics such as making a budget, tips for saving, insurance management, loan management and managing finances. Additionally, ODEF has provided technical courses and assistance to clients and potential clients living in rural areas.

Insotec has a series of initiatives aimed at both clients and potential clients. These include business advisory services, financial education, health camps, education on agriculture and an alliance with an NGO focused on diminishing hunger and poverty in the poorest areas of Ecuador. The financial education program of Insotec includes classes for both clients and potential clients besides printed information material. The goal of the financial education classes is to prevent overindebtedness and that clients and non-clients turn to the unofficial loan channels. Insotec also hosts workshops within agriculture on how to improve the level of productivity and competitiveness of the business. Additionally, Insotec has allianced with public and private healthcare providers and hosts health camps in poor and vulnerable communities. On these days, people can receive health checks, nutrition advice, vaccination etc. Insotec has increased the medical days for clients from 12 to 24 per year.

Cidre has established a financial education program for clients and for the general population. The plan is to have 5,000 beneficiaries of the program which focuses on subjects such as savings, rights as a loan taker, what to be aware of when taking a loan and complaint mechanisms.

Sembrar Sartawi has developed an extensive plan for financial education with the objective to protect and inform the clients in the best possible manner. The plan includes training the staff on handling the lacking financial culture and knowledge of the clients; improve the knowledge of clients through simple and practical information; the development of learning tools and expanding the range of information channels. The program provided financial education to thousands of clients throughout the year.

6. Employment

9 people constitute the team working on the Próspero Microfinanzas Fund.

The total number of staff employed by the portfolio companies is 2,114.

ALSO VISIT

www.biminvestments.com

APPENDIX 1

THE FUND'S POLICY ON CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

CSR policy during pre-investment diligence

During appraisal, Danish Microfinance Partners evaluates the current CSR policy of the MFI and the state of awareness and compliance by all employees/officers. Such policy should clearly lay down the 'exclusion' actions by the borrowers that will be disallowed by the concerned MFI. In case the MFI has no CSR policy, DMP will advise the MFI on how to device such a policy and how to implement it. When assessing the activities of the MFI's borrowers, DMP will primarily rely on secondary data available with the MFI to understand their CSR compliance. This would include their past track record, the type of products offered, profiles of groups formed by the MFI, purpose of borrowing etc. This shall be further validated through discussions with the staff and field officers of the target MFI. DMP may also carry out a primary verification by visiting the field and directly meeting with a random sample of borrowers and learn about the activities they are involved in.

In the event of such a CSR policy not being followed (or no CSR policy being in place at all), DMP will make due efforts to ensure that the MFIs adopt it and help them integrate it with their standard operating procedures, coupling the CSR aspects to their loan cycle. It is communicated to the MFIs that adopting such a policy possibly can increase their operational efficiency and help improve their own profile and standing in the field. The MFIs' CSR policy will be prepared keeping in context the operations of the client, geographic and demographic profiles etc. In all cases, DMP strives to establish workable standards and help MFIs appropriately structure their policies.

CSR policy at time of investment finalisation

At the time of finalising legal documentation, DMP requires the MFI (and its promoters) to abide by an overarching code of conduct including compliance with IFC's Microfinance *Exclusion List*, *Anti-Money Laundering Requirements*, *Anti-Corruption Guidelines* and *CGAP client protection principles*[1], as well as annual reporting requirements on social performance as stated in the "Corporate Social Responsibility Compliance Certificate". DMP issues written guidelines to the MFI on the exact requirements of such reporting, and such guidelines are to be submitted to the Investor Board for information at its first meeting.

CSR policy during post-investment monitoring

During the tenure of the investment DMP requires that the representative on the board of directors of the MFI reports on CSR aspects of the activities financed by the MFI. It will form an integral part of the performance reporting that Danish Microfinance Partners will seek from investees. Such reports would also include a notification from the MFI for the occurrence of any DMP social, labor, health and safety, security or environmental accident or circumstances and measures being taken to address them. DMP, being an engaged and long-term investor, is committed to ensuring CSR compliance of its investee MFIs. Based on the performance reports that it receives from its investees, DMP shall periodically interact, and to the extent possible and reasonable, make provisions to that effect in agreements with the management of investee MFIs to seek clarifications or make field visits, if necessary. It also recommends that proper training regarding CSR aspects be provided to loan officers and other employees of the company. It will impress on the integration of the S&E requirements to the loan cycle at every stage of loan application, loan appraisal, contracting and disbursement, recovery, and monitoring and reporting.

Reporting to investors

It is required by DMP that a compliance officer of the MFI is responsible for CSR implementation and reports progress to DMP on a regular basis. An annual CSR performance report shall be submitted to investors as per the guidelines prescribed by IFC, covering the performance and CSR compliance of all investee MFIs. During the term of the investment DMP will strive to raise awareness about the S&E impacts, hazards and its measures.

1) The Client Protection Principles which CGAP refers to are the Client Protection Principles of the Smart Campaign.

APPENDIX 2

INTERNATIONAL STANDARDS AND ORGANISATIONS

1. THE SMART CAMPAIGN

www.smartcampaign.org

The Smart Campaign is a global initiative to incorporate strong client protection practices across the microfinance industry. The Campaign was initiated as a response to a strongly recognised need to assure safe and responsible treatment of microfinance clients. Microfinance industry leaders from around the world came together in 2008 to launch a campaign to establish the Client Protection Principles. By incorporating client protection principles into their investment criteria and due diligence, microfinance investors can build a healthier, more client-focused industry that will foster a stronger portfolio and ensure healthy returns. To put the principles into action, the Smart Campaign was launched in October 2009 and today, it is a global effort with over 4,000 endorsers.

The core principles of the Smart Campaign set the minimum standards that clients should expect to receive when doing business with a microfinance institution. The principles are:

1) Appropriate product design and delivery
2) Prevention of over-indebtedness
3) Transparency
4) Responsible pricing
5) Fair and respectful treatment of clients
6) Privacy of client data
7) Mechanisms for complaint resolution

2. SOCIAL PERFORMANCE TASK FORCE (SPTF)

www.sptf.info

The Social Performance Task Force was created in 2005 by leaders from various social performance initiatives in the microfinance industry and resulted in the Universal Standards for Social Performance Management. The Universal Standards apply to any financial service provider with one or more social goals. They do not dictate what specific social goals an institution should have, but identify the management practices that help an institution make progress toward its chosen goals. The standards are simple statements of what the institution should achieve and essential practices which are the management practices the institution can implement in order to meet the standards.

The six overall dimensions are:

1) Define and monitor social goals
2) Ensure board, management, and employee commitment to social goals
3) Design products, services, delivery models and channels that meet clients' needs and preferences
4) Treat clients responsibly
5) Treat employees responsibly
6) Balance financial and social performance

The Universal Standards incorporate the Client Protection Principles of the Smart Campaign and is aligned with the

UN-supported Principles for Investors in Inclusive Finance (PIIF). While the Universal Standards are management practices for retail providers to implement, PIIF is a self-audit and public reporting tool which applies to investors.

Today, the Social Performance Task Force (SPTF) consists of over 2,200 members from all over the world and every microfinance stakeholder group.

3. UN'S PRINCIPLES FOR RESPONSIBLE INVESTMENT

www.unpri.org

The UN-supported Principles for Responsible Investment (PRI) initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices. In implementing the Principles, institutions contribute to the development of a more sustainable global financial system.

The Principles are voluntary and aspirational. They offer a menu of possible actions for incorporating ESG issues into investment practices across asset classes. Applying these Principles may better align investors with broader objectives of society. The principles are:

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.
Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
Principle 6: We will each report on our activities and progress towards implementing the Principles.

4. PRINCIPLES FOR INVESTORS IN INCLUSIVE FINANCE (PIIF)

www.unpri.org

The Principles provide practical guidance on responsible investment practices. The PIIF, aligned with the PRI, provide investors with a unique responsible investment framework, developed for investors, by investors. They address key issues that stakeholders have collectively identified, ranging from the risks associated with client overindebtedness to the need for further transparency in inclusive finance.

The Principles for Investors in Inclusive Finance are signed by direct investors or fund managers and indirect investors investing via designated funds. By signing, direct investors or fund managers as well as indirect investors signal their intent to uphold the principles in their own investments, and to support the actions taken by other actors in the value chain to implement the principles. By signing up to the principles investors or fund managers investing in inclusive finance, commit to adhering to and promoting the following:

1) Range of services
2) Client protection
3) Fair treatment

4) Responsible investments
5) Transparency
6) Balanced returns
7) Standards

5. INTERNATIONAL FINANCE CORPORATION (IFC)

www.ifc.org

The IFC is a member of the World Bank Group and is the largest global development institution focused exclusively on the private sector in developing countries. Established in 1956, IFC is owned by 184 member countries, a group that collectively determines the policies. The IFC's work in more than a 100 developing countries allows companies and financial institutions in emerging markets to create jobs, generate tax revenues, improve corporate governance and environmental performance, and contribute to their local communities.

The IFC Exclusion List defines the types of projects that IFC does not finance and is a commonly acknowledged exclusion list within the industry of microfinance.

6. MFTRANSPARENCY

www.mftransparency.org

MicroFinance Transparency (MFTransparency) was established to promote the welfare of poor microentrepreneurs and to promote the integrity of microfinance as a poverty alleviation practice. It is a global initiative for fair and transparent pricing in the microfinance industry. MFTransparency is an international non-governmental organisation that promotes transparency by facilitating microfinance pricing disclosure, offering policy advisory services and developing training and education materials for all market stakeholders. Since MFTransparency's launch in July 2008, 912 industry leaders, including MFIs and Apex Banks currently serving 60 million clients worldwide, have signed the endorser statement.

7. MFIN - THE MICROFINANCE INSTITUTIONS NETWORK

http://mfinindia.org

The MFIN is a self-regulatory organisation (SRO) in the financial services sector recognised by the Reserve Bank of India (RBI). The MFIN regulates Non-Bank Finance Company-Micro Finance Institutions (NBFC-MFIs), and its primary objective is to work towards the robust development of the microfinance sector, by promoting responsible lending, client protection, good governance and a supportive regulatory environment. The MFIN works closely with other key stakeholders and plays an active part in the larger financial inclusion dialogue through the medium of microfinance.

As an SRO, MFIN members adhere to a framework comprising external (RBI's Fair practices code) and internal (industry code of conduct) measures to ensure responsible and transparent business practices.

8. FINANCIAL INTELLIGENCE UNIT-INDIA & ANTI-MONEY LAUNDERING ACT, INDIA

http://fiuindia.gov.in/

The Financial Intelligence Unit - India (FIU-IND) is the central, national agency responsible for receiving, processing, analysing and disseminating information relating to suspect financial transactions to enforcement agencies and foreign FIUs.

The Prevention of Money Laundering Act, 2002 (PMLA) forms the core of the legal framework put in place by India to combat money laundering. The PMLA and rules notified thereunder impose an obligation on banking companies, financial institutions and intermediaries to verify the identity of clients, maintain records and furnish information to the FIU-IND.

9. THE RESERVE BANK OF INDIA

www.rbi.org.in

Fair Practices Code

The Fair Practices Code of the Reserve Bank of India sets a minimum for fair practice standards for companies to follow when dealing with clients. It provides information to clients and explains how a company is expected to deal with them on a day to day basis. The code has been developed with an objective of ensuring fair practices while dealing with clients, greater transparency enabling clients in having a better understanding of the product and taking informed decisions and building client confidence in the company.

Know Your Customer Guidelines

Know Your Customer or KYC is a process by which banks obtain information about the identity and address of their customers. Banks have been advised to follow certain customer identification procedures for the opening of accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority. The Know Your Customer guidelines have been created in the context of the recommendations made by the Financial Action Task Force (FATF) on anti-money laundering standards and on combating financing of terrorism. These standards have become the international benchmark for policies elaborated by the regulatory authorities. Compliance with these standards both by the banks/financial institutions and the country has become necessary for international financial relationships.

10. SA-DHAN - ASSOCIATION OF COMMUNITY DEVELOPMENT FINANCE INSTITUTIONS

www.sa-dhan.net

Sa-Dhan is an Indian association serving as a platform enabling better dialogue and cooperation between NGOs, MFIs, government departments and the poor themselves. The mission is to help its member and associate institutions to better serve low-income households, particularly women, in both rural and urban India, in their quest for establishing stable livelihoods and improving quality of life.

11. ASFI - AUTORIDAD DE SUPERVISIÓN DEL SISTEMA FINANCIERO

www.asfi.gob.bo

ASFI is Bolivia's federal banking, finance and securities regulator. It is responsible for monitoring financial institutions.

12. SBS - SUPERINTENDENCIA DE BANCAS, SEGUROS Y AFP

www.sbs.gob.pe

SBS is the organisation responsible for the regulation and supervision of the Peruvian financial system. Since 2000 it has also supervised the AFP system. Founded in 1932, its objectives, functions and attributes were established by the general law of the financial system and the banking and insurance regulator.

13. SOCIAL AND CREDIT RATING BUREAUS

www.planetrating.com; www.ratingspcr.com; www.classrating.com

Credit and social rating bureaus offer evaluation and rating services to microfinance institutions. Planet Rating, for example, use their own Smart GIRAFE and Social Performance methodologies. Other raters include Pacific Credit Rating and Class & Asociados. Pacific Credit Rating and Class & Asociados operate in Latin America and Peru, respectively, and specialise in financial ratings.

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