

THE ENABLING MICROFINANCE FUND

Annual Social
Impact Report 2019



OXFAM

Increasing access
to capital for
Micro, Small and
Medium-sized
Enterprises in
developing markets,
in partnership
with Oxfam

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Prepared by The Good Economy (TGE) for Oxfam GB and the Enabling Microfinance Foundation

This report has been prepared based on analysis of raw data provided by Blue Orchard. Other information pertaining to EMF's financial performance/status, country/investee details have been extracted from draft reports received from Oxfam GB as inputs to this report. TGE conducted telephone interviews with Jalal ul Haq, Chief Financial Officer of FINCA Tajikistan and with Csaba Csikós, Chief Risk Officer; Munkhdelger (confirm surname) and Bilguutei Ba in Investor Relations of Khan Bank, Mongolia.

The photographs in this report are from Oxfam archives or commercial stock photos, they are not clients of EMF investees. To learn more about the programmes and people pictured in these photographs, and to receive information about Oxfam's other enterprise development work, please contact Rana Modarres at rmodarres1@oxfam.org.uk

FIFTY
countries
worldwide



162 Microfinance
institutions



\$61m
Investable
funds

OUR
**INVESTMENT
OUTREACH**
WORLDWIDE

EMF
PORTFOLIO

\$2,840

Average
loan size



74%
Rural
clients



63%
Female
clients



ALMOST
**THIRTY
THOUSAND**
CLIENTS SERVED

EMF DIRECT
PORTFOLIO

EMF DIRECT INVESTMENTS

(Percentage direct portfolio by loan value, volume of loans and number of clients)





1 INTRODUCTION



CONTEXT AND RATIONALE

Encouraging the growth of a vibrant and thriving micro, small and medium-sized enterprise (MSME) sector is a key priority in economic development, both in developed and emerging markets. Micro, small and medium-sized enterprises are critical drivers of poverty reduction, not only by creating employment and income opportunities, but also by helping to build resilient and stable economies with more equitable wealth distribution.

MSMEs, particularly those owned by women, face a fundamental barrier to growth due to a lack of access to finance, which constrains their contribution to economic growth and development.

There are important differences between micro, small and medium-sized businesses and their role in economic development. Micro-enterprises are very small businesses typically consisting of a single self-employed person, a family or a few employees at most. In most developing countries, they are the main source of livelihood for up to half the population operating in the so-called “informal” economy. They typically operate in low-productivity sectors – rural agriculture and informal urban activities. The founders of microfinance shared a vision to supply formal financial services to these individuals, shunned by banks because they had no savings or collateral. The provision of financial services to the poor – financial inclusion – aims to help improve livelihoods and lift people out of poverty.

Small businesses typically have 5-20 employees¹, while medium-sized businesses are typically defined as having between 50 to 250 employees. They are formal, registered businesses, often family-owned and with a fixed place of business, in contrast to micro-enterprises, which are often informal street vendors. Small businesses operate across all sectors and also face challenges accessing finance. Their needs are diverse, ranging from a line of credit to manage cash-flow shortfalls, to funding to purchase equipment or invest in business expansion.

SMEs outnumber large companies by a wide margin and employ many more people in total. There is great variance in the profitability, survival and growth of SMEs. However, strong, growth-oriented SMEs are recognised as

indispensable to driving formal-sector job creation, innovation and shared prosperity.

The Enabling Microfinance Fund was launched in recognition of the lack of access to finance for micro, small and medium-sized enterprises. It aims to help overcome the financing gap by investing in specialist financial intermediaries, ranging from microfinance institutions that provide access to financial services for underserved individuals, to specialist banks and leasing companies that serve SMEs.

ABOUT EMF

The Enabling Microfinance (EMF) Fund was launched in 2009 as an initiative of the Enabling Microfinance Foundation, a non-profit organisation whose aim is to reduce poverty and dependence on aid through access to financial services. EMF’s impact goal is to support the growth of MSMEs that contribute to poverty reduction and sustainable economic development in emerging and frontier markets. It achieves this goal by investing in sustainable MSME Financing Intermediaries (FIs) that provide responsible financial services to underserved populations, with a focus on creating positive impact.

EMF aims to support FIs expand their outreach, improve the quality and appropriateness of their financial services, and develop new products. It is a debt fund offering investors a capital preservation and growth strategy with consistent and stable returns, which are largely uncorrelated to the performance of mainstream investment indices. The Fund’s financial return to investors was 4.51 per cent net of fees over the last 12 months.

EMF raises capital from qualified investors, including private and institutional investors. These include Oxfam, the Hilti Foundation and the Medicor Foundation. BlueOrchard, a specialist microfinance and impact investment manager, acts as the fund manager for EMF and reports on the overall financial and social performance of the fund. EMF has a solid 10-year track record and has achieved a total of US\$61 million in assets under management. It has delivered over 3.47 per cent annualised returns since inception.

Encouraging the growth of a vibrant and thriving micro, small and medium-sized enterprise (MSME) sector is a key priority in economic development, both in developed and emerging markets.

2 IMPACT GOAL AND INVESTMENT STRATEGY



IMPROVING ACCESS TO FINANCE

EMF's impact goal is to improve access to finance for underserved individuals and businesses to support poverty alleviation, decent job creation and sustainable economic development. It has a two-pronged investment strategy that ensures a high level of diversification in terms of both the underlying portfolio and risk:

- Approximately 70 per cent of assets are invested in the **BlueOrchard Global Microfinance Strategy**, which provides loan capital to microfinance institutions worldwide.
- The remaining 30 per cent is invested **directly in financial intermediaries** that deliver financing to micro, small and medium-sized enterprises ("Direct Portfolio"²). The Direct Portfolio serves as a pilot for a strategic shift from a pure microfinance fund to MSME lending.

The Fund has a number of strategic objectives related to its social performance. Specifically, it aims to:

- Allocate the portfolio equally between micro-enterprises, and small and medium-sized enterprises in low-income economies. (This allocation policy was set for EMF's Direct Portfolio to encourage investment in SME clients, supporting the formal employment component of EMF's theory of change.)
- Reach an even division of urban and rural clients. (Research shows that nearly all financial institutions

already collect information on this indicator, and that those which make more loans in rural areas have a higher impact on poverty, on the basis of rural areas having higher poverty levels than urban areas.³)

- Serve more than 50 per cent women and businesses owned by women. (Women typically have less access to finance than men. EMF therefore seeks to have at least 50 per cent outreach to women and to support women's entrepreneurship).

The BlueOrchard Global Microfinance Strategy

The majority of the EMF is invested in the BlueOrchard flagship Microfinance Strategy, which aims to foster financial inclusion and shared prosperity. It provides microfinance institutions with loan capital to offer savings, insurance and related products to low-income groups, enabling them to create and grow income-generating activities and to break out of poverty. The strategy supports microfinance institutions in expanding their outreach, improving the quality and appropriateness of their financial services, and encouraging the development of new products such as savings, insurance and payment services.

FIGURE 1 THE EMF INVESTMENT VALUE CHAIN



3 METHODOLOGY



THIS REPORT

This is the first independent Impact Report for EMF. It complements reports provided by BlueOrchard by providing a more in-depth analysis of EMF's social performance, with a particular focus on its outreach and contribution to MSME development. The report was commissioned by Oxfam GB, which acts as the Impact Advisor to EMF, and prepared by The Good Economy, a social advisory firm dedicated to enhancing the role of business and finance as drivers of inclusive and sustainable development.

This assessment set out to achieve three objectives:

1. Develop an impact assessment framework for EMF
2. Assess whether EMF is reaching target businesses in line with its strategic objectives
3. Provide insights into EMF's overall performance and how to improve future impact monitoring and reporting.

DATA

The report is based on an exploratory analysis of data available from March 2018 until March 2019. BlueOrchard provided data on FI performance, including credit committee memos, credit rating documents, and social performance ratings and metrics. This was complemented by secondary source reviews (FI and investment manager websites, in addition to online grey literature), as well as two key informant interviews with selected financial institutions – FINCA Tajikistan and Khan Bank, Mongolia – who provided additional data on their client outreach.

The analysis took a mixed-methods approach combining both quantitative and qualitative data in order to:

- Understand social performance in terms of MSME outreach and break-down, including by sector, location and gender
- Identify variables that could be subject to correlation analysis given the existing dataset, including the link between financial and social performance
- Undertake an analysis of changes in the portfolio during 2018-2019, which can be built into a trend analysis in future, should sufficient data become available.

The EMF Direct Portfolio was the main unit of analysis. While this is the smaller share of the portfolio (comprising approximately 30 per cent of the Fund), it is the portion for which detailed investee data was made available by BlueOrchard. The Social Performance Analysis therefore focuses on the direct portfolio only.

Due to time and data constraints, no additional client-level data was collected. This limited the report's ability to go into depth over certain aspects of social performance, particularly in terms of outcomes and impact. Section 5 sets out recommendations for options to generate a deeper level of insight in future annual reports.

IMPACT ASSESSMENT FRAMEWORK

A theory of change is a useful causal model of an organisation's work, and the links between its activities and the outcomes sought. It provides the foundation for the development of an impact measurement and management framework.

EMF's impact goal is to improve access to finance for underserved individuals and businesses to support poverty alleviation, decent job creation and sustainable economic development. It has a two-pronged investment strategy that ensures a high level of diversification in terms of both the underlying portfolio and risk.

FIGURE 2 THEORY OF CHANGE FOR THE EMF DIRECT PORTFOLIO



The Impact Management Project (IMP)⁴ has developed a Dimensions of Impact framework, which helped map EMF's impact ambitions. The IMP has led a global consultation with over 2,000 stakeholders, including governments, businesses, charities and investors, to reach consensus on how to describe, measure, manage and report impact. It has gained widespread global recognition and has now created a structured network of organisations working together to coordinate standards of impact

measurement and management. Partner organisations include the Global Impact Investor Network (GIIN), the International Finance Corporation, the OECD and the United Nations. In Figure 3 below, the IMP's five dimensions of impact are summarised, together with the EMF assessment which uses core metrics that align with the Impact Management Project and IRIS+, developed by GIIN as the "generally accepted system for measuring, managing and optimising impact".⁵

FIGURE 3 IMP DIMENSIONS OF IMPACT AND CORE METRICS FOR EMF PERFORMANCE REVIEW

Impact Dimension	Impact questions each dimension seeks to answer	Core Metric	IRIs + Metric
What	What outcome occurs in period? How important is the outcome to the people (or planet) experiencing it?	Number of loans	Client transactions
Who	Who experiences the outcome? How underserved are the affected stakeholders in relation to the outcome?	Target client type – by enterprise size, gender and rural/urban split	Target stakeholders
How much	How much of the outcome occurs, across scale, depth and duration?	Total number of active clients	Client individuals active
Contribution	What is the enterprise's contribution to the outcome, accounting for what would have happened anyway?	Grow new or undersupplied capital markets	Impact Management Project
Risk	What is the risk to people and planet that impact does not occur as expected?	SPIRIT ⁶ rating – Treat Clients Responsibly	Impact Management Project

IMPACT RISK

Impact risk is an important consideration in microfinance. Experience shows that while lending to microfinance institutions can deliver positive impact, it also entails risks of negative impact creation. In Bosnia, Cambodia, India and elsewhere, there is evidence of unfair lending practices which have led to clients becoming over-indebted and further impoverished, rather than helped out of poverty. This highlights the importance of selecting partner FIs carefully, ensuring they act responsibly and have client protection policies in place to mitigate against any negative impacts.

One of the key aims of the Fund is to ensure responsible lending practices by investees. The assessment of FIs as responsible lenders is fully integrated into the investment process, principally through the application of the scoring system within BlueOrchard's Social Performance Impact Reporting and Intelligence Tool (SPIRIT).

SPIRIT looks at seven dimensions of social performance. These are aligned with the six dimensions of the Universal Standards on Social Performance Management, with a seventh covering the environment.⁷ The dimensions are:

- Define and monitor social goals

- Ensure board, management and employee commitment to social goals
- Design products, services, delivery models and channels that meet client's needs and preferences
- Treat clients responsibly
- Treat employees responsibly
- Balance financial and social performance
- Promote environmental protection.

All BlueOrchard investment officers use the SPIRIT tool in their on-site due diligence trips, and SPIRIT scores are included and reviewed in all credit proposals. The minimum SPIRIT score required for an Investee is 50. A summary of headline SPIRIT ratings for the Direct Portfolio is included in Annex 1.

4 SOCIAL PERFORMANCE ANALYSIS



PORTFOLIO COMPOSITION: DIVERSE PRODUCTS AND CLIENTS

The Direct Portfolio consists of 15 financial intermediaries (FIs), including traditional microfinance institutions, regulated specialist banks, cooperatives and leasing companies. Three new FIs were added to the Direct

Portfolio in the past year. Altogether, the loan book of these 15 FIs totalled US\$3.5 billion, with 1.2 million active clients at the end of March 2019⁸ and the total value of EMF investment in these FIs at US\$16.6 million.

TABLE 1 OVERVIEW OF EMF DIRECT PORTFOLIO AT THE END OF MARCH 2019

FI	Country	Region	Total value of outstanding loan portfolio (US\$ million)	Number of loans outstanding	Average outstanding loan Size (US\$)	% Direct Portfolio by EMF Loan Value
BPB Bank	Kosovo	Eastern Europe	190.2	20,588	9,239	3%
Cooperativa Pacifico	Peru	South America	690.3	14,022	49,230	12%
Exitus Capital	Mexico	Central America and the Caribbean	111.2	572	194,484	7%
Express Leasing	Moldova	Eastern Europe	25.4	10,619	2,387	9%
FINCA Tajikistan	Tajikistan	Central Asia	16.1	26,287	614	3%
FUNDAP	Guatemala	Central America and the Caribbean	39.4	47,225	835	3%
Georgian Credit	Georgia	Caucasus	15.1	8,750	1,731	8%
INSOTEC	Ecuador	South America	53.4	18,561	2,876	7%
ITACA	Mexico	Central America and the Caribbean	36.1	185,158	195	3%
Khan Bank	Mongolia	East Asia and the Pacific	1,746.6	574,995	3,038	12%
LOLC Cambodia	Cambodia	East Asia and the Pacific	572.6	266,125	2,152	12%
RoCredit IFN S.A.	Romania	Eastern Europe	40.3	1,510	26,688	4%
Salym Finance	Kyrgyzstan	Central Asia	18.5	12,880	1,434	4%
Sunrise	Bosnia Herzegovina	Eastern Europe	24.7	18,730	1,321	3%
VisionFund Lanka	Sri Lanka	South Asia	13.3	59,046	226	9%
EMF Direct	Country	Global Region	3,593.3	1,265,068	2,840	100%

Financial intermediaries in the Direct Portfolio offer a range of different products to different target clients, ranging from consumption loans to individuals or micro-loans made to micro-entrepreneurs (micro-credit), to larger loans made to registered small and medium-sized businesses. The average loan size across all FIs is US\$2,840. However, there is a wide range in average loan

size for individual FIs, ranging from US\$195 for ITACA, which serves mostly female individual micro-entrepreneurs in rural and semi-urban areas, up to US\$194,000 for Exitus Capital, which focuses on the higher end of SME lending. This reflects a broad diversity in business strategy and client type across investee FIs. All FIs have client retention rates above 65 per cent.

TABLE 2 TARGET CLIENTS AND PRODUCTS

	Target Clients			Products							
				Loans					Other Products and Services		
FI	SMEs	Micro- enterprise	Low-income People	Consumption	Business	Housing	Agriculture	Education and Health	Savings	Leasing	Business Support
BPB Bank	•			•	•	•			•		•
Cooperative Pacifico	•			•	•	•			•		
Exitus Capital	•				•					•	•
Express Leasing	•	•		•	•					•	•
Finca Tajikistan	•	•			•		•				•
Fundap	•	•	•		•		•	•			•
Georgian Credit	•	•	•		•		•				
INSOTEC	•	•			•			•			
ITACA	•				•						•
Khan Bank	•			•	•				•	•	•
LOLC Cambodia	•		•		•				•		•
RoCredit IFN S.A	•				•						•
Salym Finance	•	•	•	•	•	•	•	•			•
Sunrise	•	•	•	•		•	•	•			
VisionFund Lanka		•	•		•	•	•	•			

GEOGRAPHY: WIDE COVERAGE BUT ASIA-FOCUSED

EMF's Direct Portfolio investments cover Europe, Central Asia, Asia-Pacific, and South and Central America. There is no coverage of Africa. Overall, two-thirds of the clients are located in East Asia. EMF's highest exposure is to the three largest FIs, which each account for 12 per cent of EMF's Direct Portfolio:

- Khan Bank, a regulated bank operating throughout Mongolia, with 49 per cent of loan volume and 46 per cent of the number of clients in March 2019
- Cooperativo Pacifico, a cooperative bank in Peru, with 19 per cent of loan volume and 1 per cent of clients
- LOLC Cambodia, a microfinance institution established by Catholic Relief Services, with 16 per cent of loan volume and 20 per cent of clients.



TAJIKISTAN CASE STUDY

ZOHIR: BUILDING A FAMILY BUSINESS

Zohir is a Bakery owner and lives in Dushanbe, Tajikistan. He is married and has four girls and two boys, between 15 and 26 years of age. Zohir trained and worked as a baker all his life, and in 2007, he decided to set up his own shop, a traditional bread called non which is flat and round. He took a first loan equivalent to USD 2,000 to buy flour and other raw materials. He built a bread oven in a rented space and started baking and selling his bread. In 2008, he took another credit of USD 4,000, after having repaid his first one with interests, again to buy more flour. He built a second bread oven and hired two bakers. He now oversees the selling in the street with his wife. Three of his daughters also work for the family business. Thanks to his high productivity, he sells to other bread vendors in the neighboring areas.

The micro-loans have helped him increase his income considerably, most of which he reinvests in the business and saves. He says owning his business has given him a new found sense of security and pride knowing he can better provide for his wife, children and future grandchildren.



CLIENTS: DISTINGUISHING BETWEEN PRODUCTIVE AND CONSUMPTION LOAN CLIENTS

FIs supported through the EMF Direct Portfolio provide a range of financial services, including both productive and consumption loans. Productive loans are granted based on the cash flow of the end-borrower's business, with the assumption that the borrower has a business activity and borrows to expand income-generating and productive investment activities.

Consumption loans are granted for funding goods or services, and are generally based on the income of the client. It is not required that the client has a business.⁹ Essentially, they are for consumer spending. While consumer loans can be useful to help households meet their needs or cope with emergency expenditures, there have been concerns about the rise in over-indebtedness among low-income people. Hence, the importance of FIs having responsible lending policies and practices to protect consumers.

In this light, productive loans can be considered as those most relevant to the EMF mission to support the growth of micro, small and medium-sized enterprises that contribute to poverty reduction and job creation in emerging and frontier markets.

Among EMF Direct Portfolio FIs, 51 per cent of outstanding loans were productive loans (59 per cent by volume) and 41 per cent of all loans were consumption loans (31 per cent by loan volume). However, as shown in Figure 4, 12 of the 15 FIs have more than 50 per cent of their lending targeted towards business purposes. The overall portfolio figures

are skewed by the largest FI, Khan Bank, where consumption loans currently comprise 84 per cent of total loans. EMF is supporting Khan Bank to implement its recently developed SME lending strategy, with a shift away from consumer lending towards small business lending (see FI Snapshot).

Other products include loans for mortgages, housing, health and education.¹⁰

CLIENTS: PRODUCTIVE LOAN FIGURES TO UNDERSTAND CLIENT COMPOSITION

In this analysis, loan size is used as a proxy for business size.¹¹ Loans below US\$2,000 are considered micro-loans to micro-enterprises.¹² Loans between US\$2,000 and US\$15,000 are considered loans to small businesses, while those between US\$15,000 and US\$250,000 are considered SME loans.¹³ Loans above \$250,000 are also separated and counted as "larger loans" to larger SMEs.

Within the Direct Portfolio, 12 out of 15 FIs allocate more than 50 per cent of their lending to SMEs. Micro-loans account for 50 per cent of outstanding loans across the total portfolio and 8 per cent of the loan volume for the Direct Portfolio. Small business loans account for 48 per cent of outstanding loans and 31 per cent of the volume (Figure 5). Under 2 per cent of loans are in the US\$15,000 to US\$250,000 range (19 per cent by volume) and 0.2 per cent were larger loans. However, loans above US\$250,000 account for a sizeable share (41 per cent) of productive loans by volume, suggesting that a small number of larger firms are accessing a disproportionate volume of the available capital.

Productive loans can be considered as those most relevant to the EMF mission to support the growth of micro, small and medium-sized enterprises that contribute to poverty reduction and job creation in emerging and frontier markets.

FIGURE 4 VOLUME OF LOANS BY PRODUCT TYPE

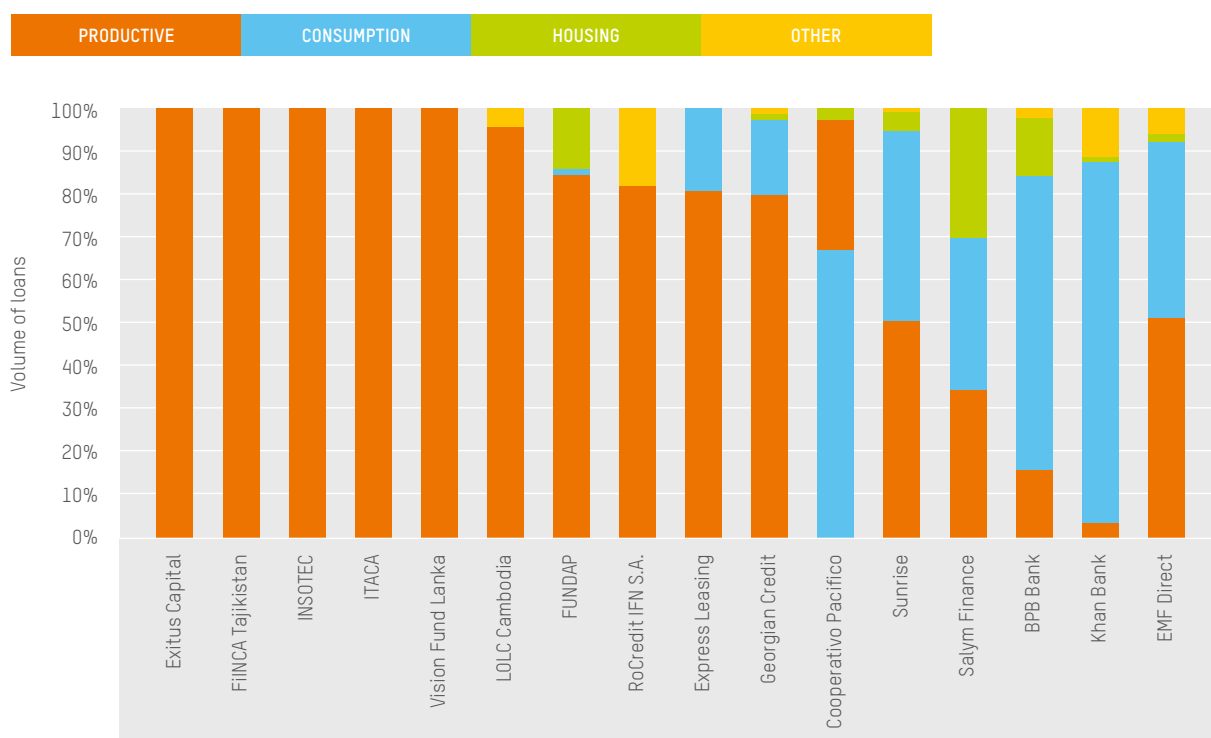
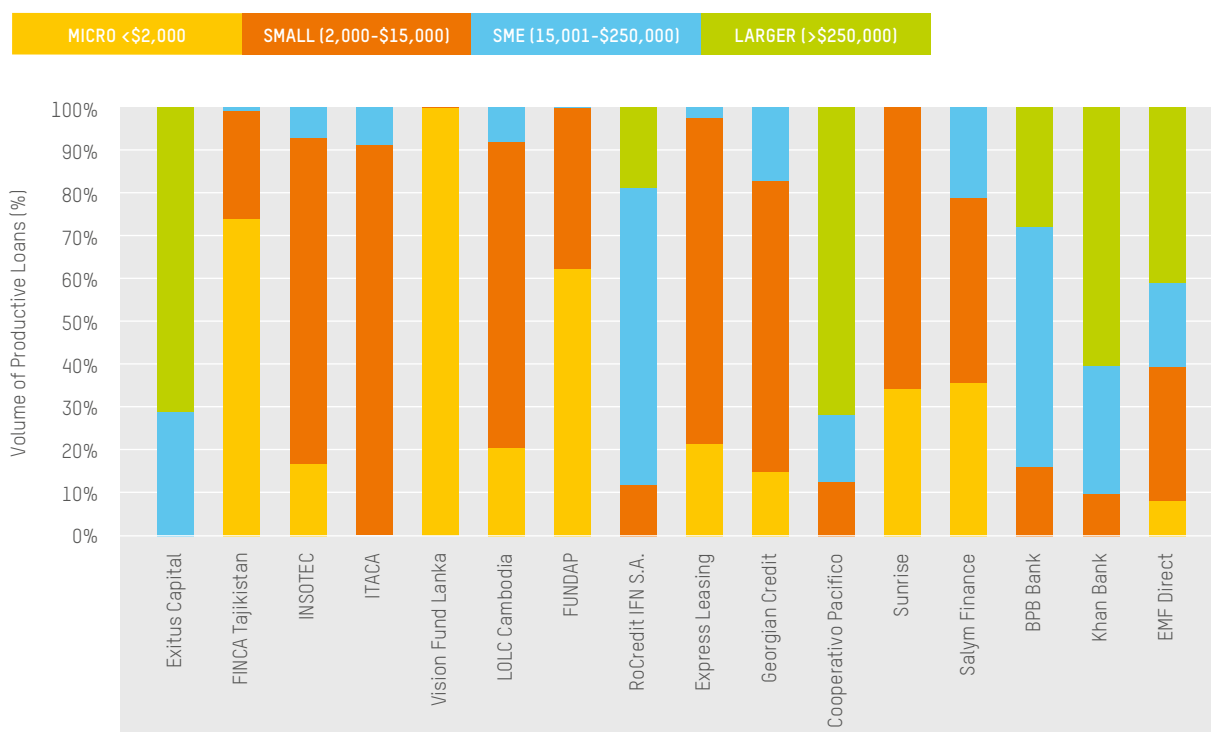


FIGURE 5 VOLUME OF PRODUCTIVE LOANS BY LOAN SIZE



SECTORS: AN EVEN BALANCE

FIs supported through the EMF Direct Portfolio finance businesses operating across a range of sectors. Loans to trade-based businesses made up 37 per cent of the outstanding loan volume, followed by agriculture (21 per cent), services (15 per cent), production (12 per cent), transport (7 per cent), construction (7 per cent) and tourism (1 per cent).

SETTING: UNDERSTANDING THE MIX OF URBAN AND RURAL CLIENTS

EMF has achieved its strategic objective of having an even distribution of rural and urban clients. FI reached 1 million rural clients, making up 74 per cent of outstanding loans and 42 per cent by loan volume. The average loan size in rural areas is almost four times smaller than those made in urban areas, reflecting the small-scale nature of the informal rural sector. More depth of analysis is provided for three FIs in Section 5.

GENDER: REACHING FEMALE CLIENTS

EMF has also achieved a significant level of outreach to women. FIs in the Direct Portfolio reach 777,000 female clients, making up 63 per cent of outstanding loans and 47 per cent by loan volume.¹⁴ The average loan size to female clients is generally lower than to male clients.

YEAR-ON-YEAR GROWTH: BASIS FOR FUTURE TREND ANALYSIS

Analysis of the growth rate for the number of outstanding loans, the volume of loans and the number of clients between March 2018 and March 2019 (Table 4) shows that the volume of productive and micro-loans grew in the last year. However, growth rates for loans to female clients and rural clients are below those for loans to male clients and urban clients respectively. This is in part because the three new FIs all have lower proportions of female and rural clients than the Direct Portfolio average.

FIGURE 6 VOLUME OF LOANS BY SECTOR

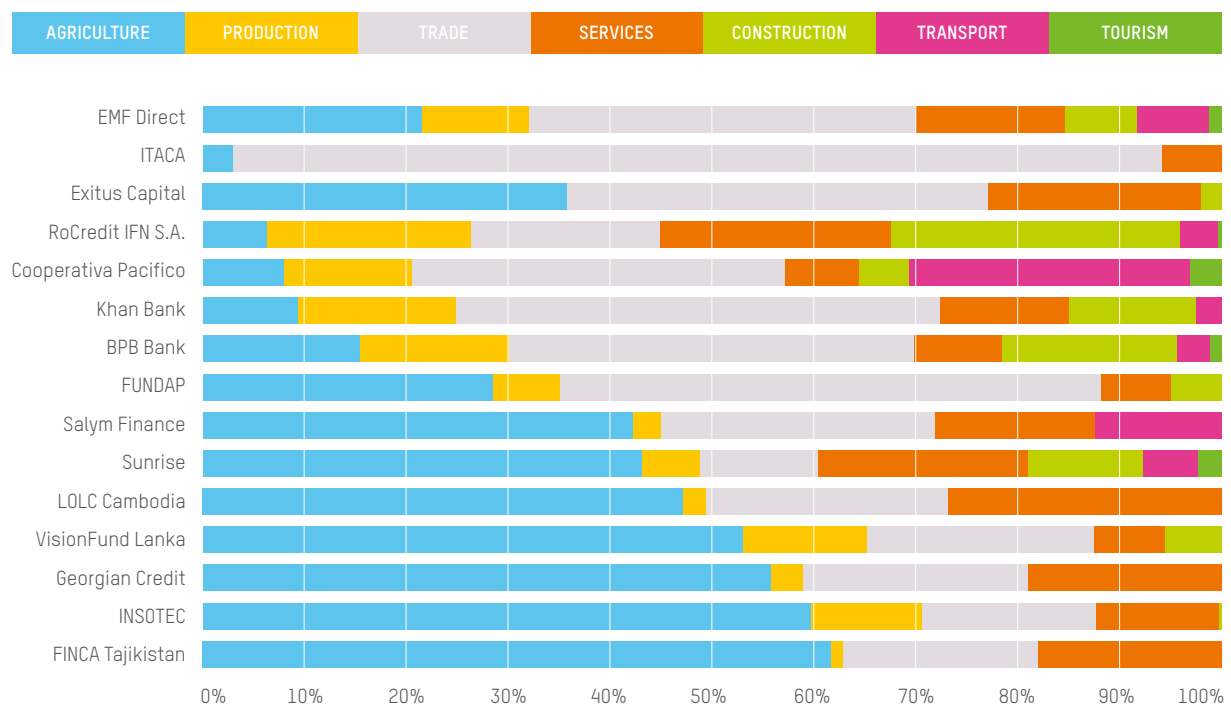


FIGURE 7 VOLUME OF LOANS, NUMBER OF CLIENTS AND AVERAGE LOAN PER CLIENT BY URBAN/RURAL SPLIT AND BY GENDER, MARCH 2019

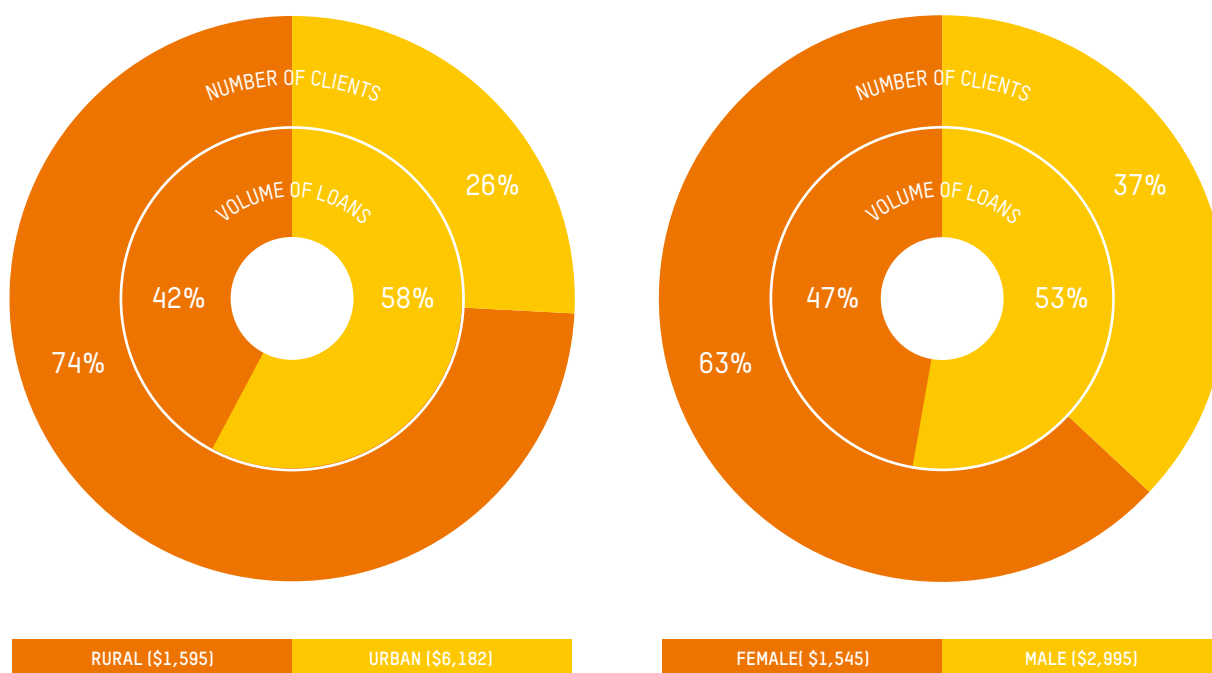
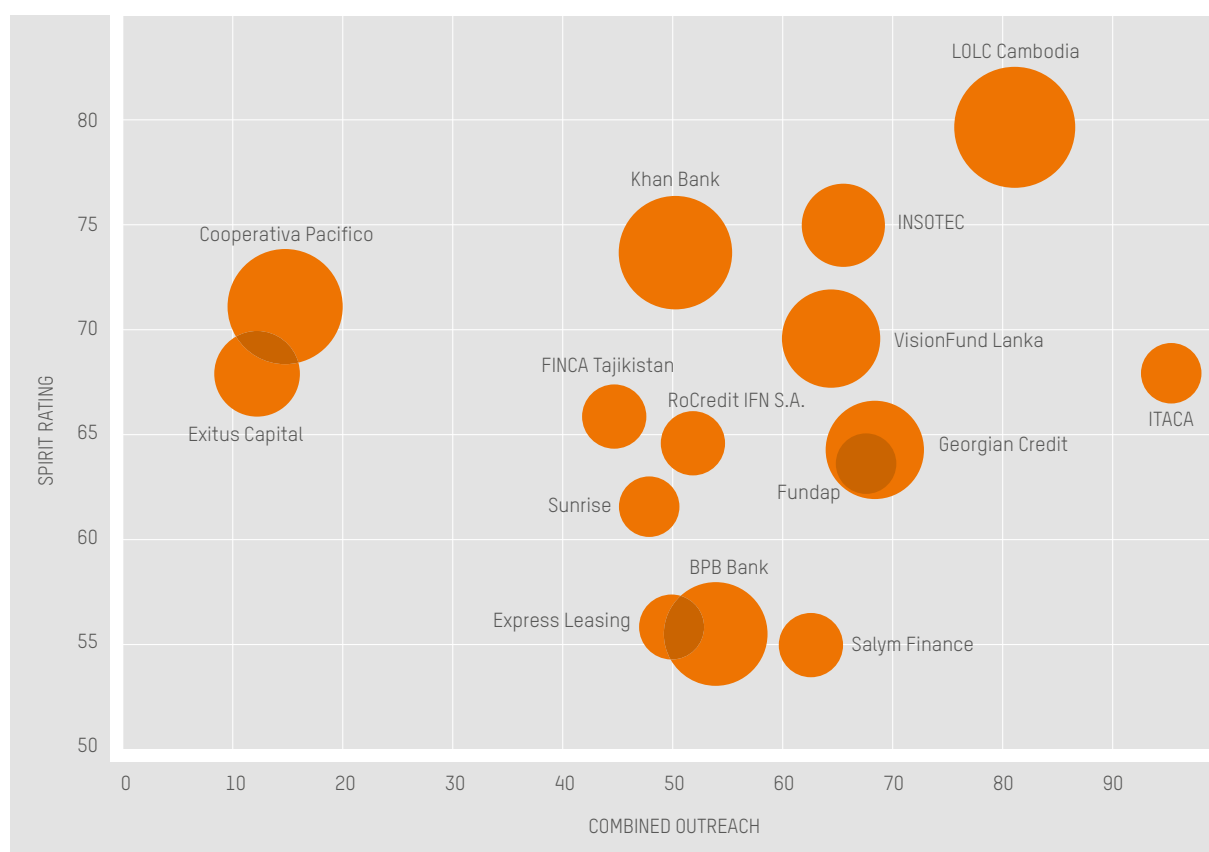


TABLE 3 CHANGES IN EMF DIRECT PORTFOLIO GROWTH RATES BETWEEN MARCH 2018 AND MARCH 2019

Change (2018-2019)	Total	Productive	Other	Micro	> Micro	Female	Male	Rural	Urban
Volume of Loans	24.7	35.5	11.8	41.9	31.6	18.3	23.5	16.9	19.0
Number of Loans	23.5	23.7	23.2	23.4	37.8				
Number of Clients	20.7					15.6	29.3	17.0	23.9

The volume of productive and micro-loans grew in the last year. However, growth rates for loans to female clients and rural clients are below those for loans to male clients and urban clients respectively.

FIGURE 8 COMBINED OUTREACH VERSUS SOCIAL PERFORMANCE (SPIRIT RATING)



CORRELATION: THE RELATIONSHIP BETWEEN RESPONSIBLE LENDING PRACTICE AND REACHING UNDERSERVED CLIENTS

The research explored the correlation between the strength of an FI as a responsible lender (using the SPIRIT rating as a proxy) and its ability to reach EMF's target client base at scale. The analysis was based on "Combined Outreach", a composite measure of made up of three data points that align with EMF's strategic outreach objectives:

- the average of the percentage of rural loans (out of all outstanding loans)
- the percentage of female clients (out of outstanding loans which could be classified by gender)
- the percentage of loans between US\$2,000 and US\$250,000 (out of productive loans only, reflecting the intent to reach small and medium-sized businesses).

The results show that the relationship between responsible lending and reaching the target audience is weak. A summary of the SPIRIT rating scores in relation to outreach are provided in Figure 8.

CORRELATION: THE RELATIONSHIP BETWEEN RESPONSIBLE LENDING PRACTICE AND FINANCIAL PERFORMANCE

The correlation between FI's responsible lending practices (using the SPIRIT rating as a proxy) and their financial performance is explored in Figure 9, alongside the correlation between portfolio risk and responsible lending practices in Figure 10. This analysis does not find a correlation using the 15 FIs in the Direct Portfolio. However, the charts below provide a view of the relative financial performance of these FIs.

FIGURE 9 SOCIAL PERFORMANCE (SPIRIT RATING) VERSUS FINANCIAL PERFORMANCE

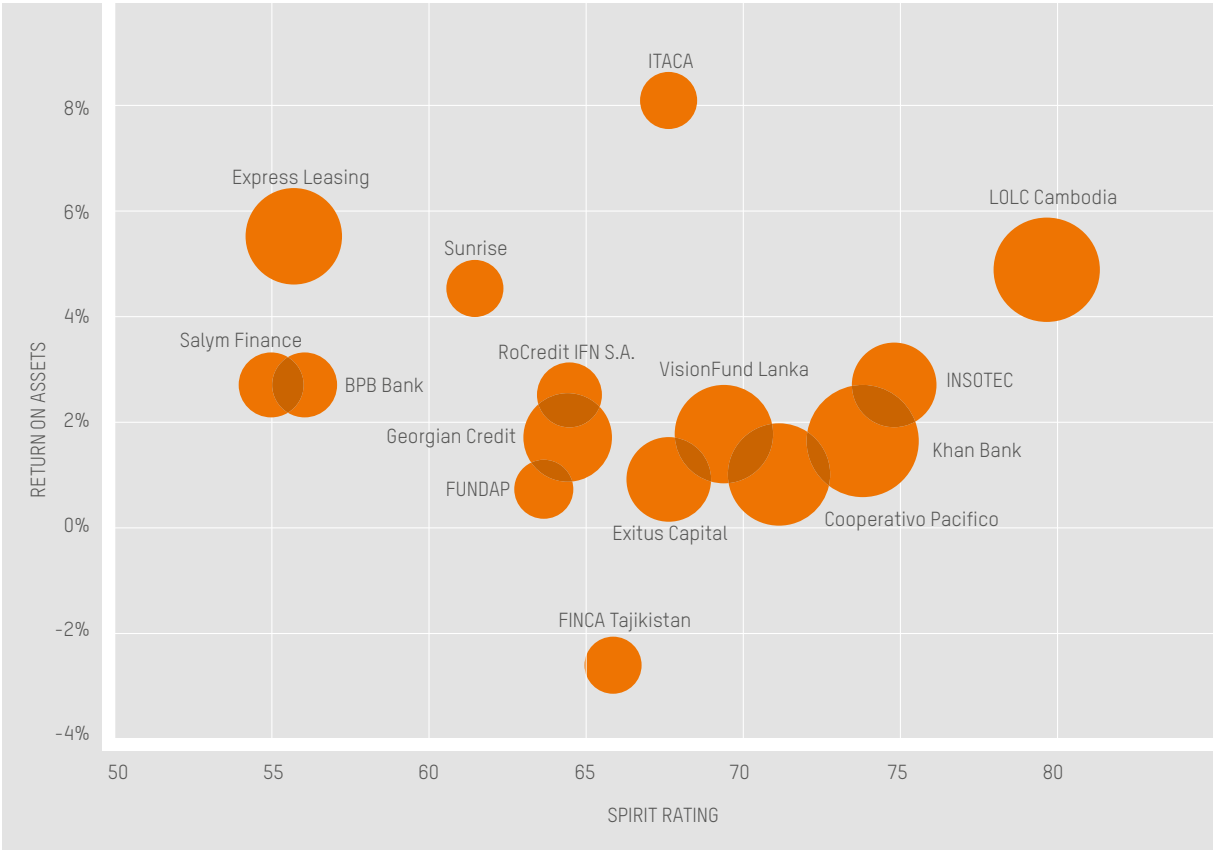
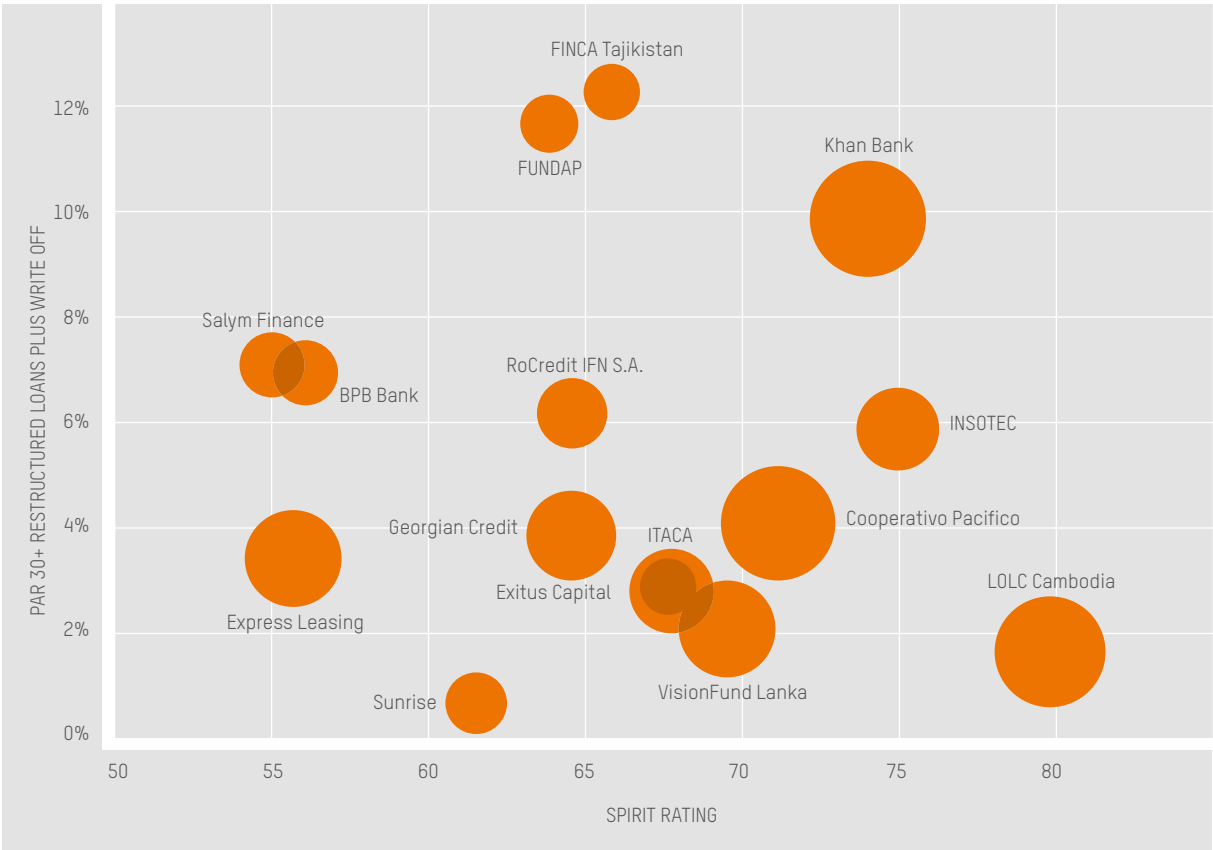


FIGURE 10 SOCIAL PERFORMANCE (SPIRIT RATING) VERSUS PORTFOLIO RISK





CAMBODIA CASE STUDY

SAO VANNAK: SELLING RICE TO VIETNAM AND THAILAND

Sao Vannak will never forget what it was like growing up under the Khmer Rouge regime, when her family was among the thousands forced to work on communal farms. Many people died from starvation, disease and overwork. "My earliest memories are of my parents struggling desperately to feed their family," she says. "I never felt secure. I remember thinking that if I ever survived this and got married, I would have my own business so that I could afford a good education for my own children."

To begin with, Sao and her husband found it difficult to support themselves. "We felt it would be a struggle to bring children into the world living this hand-to-mouth existence. I told my husband about some of my business ideas and he encouraged me. We decided to set up a little shop first."

Sao says that she learned many of her business skills from entrepreneurs she met when she went to sell vegetables at the local market. "One of my customers told me how she'd set herself up as a rice trader," Sao explains. "She gave me lots of advice, encouraged me, and this is how I

started." Business began to take off, and Sao realised she could do much more if she took out a bank loan.

"I decided to go to Sathapana,¹ because no other bank around here gives small business loans. They asked me how much I wanted to borrow and I said \$5,000. I was able to use the loan to purchase a truck. It's made delivering the rice, in bigger quantities, much easier and we've expanded as a result." Sao now sells rice to Vietnam and Thailand, as well as to the capital, Phnom Penh. She also still runs her small grocery shop.

Sao's father, Sok Joun, says: "I am proud of my daughter. She works hard and has brought the family a long way considering what we went through under Pol Pot. Giving employment to many people around here means she is supporting the whole community."

¹Sathapana is not an EMF investee. It was part of Oxfam's Small Enterprise Impact Investing Fund (SEIIF) portfolio. SEIIF was replaced by EMF's Direct Portfolio as an Oxfam investment. The impact aims and investment guidelines of the two funds are the same.



MONGOLIA CASE STUDY

DOGSOM: RAISING CATTLE IN THE MONGOLIAN STEPPES

Dogsom is a widower of 42 years and he lives in the periphery of Ulan Bator with his mother Birvaa who helps him in his work as a cattle raiser. He has three children who go to school in town. He previously worked as a veterinary for 18 years. 6 years ago, he decided to raise cattle and started with 6 cows.

In 2005, he took out his first loan of Mongolian Tugrik (MNT) 1,2 million (equivalent to USD 825) to buy more cattle. After he paid back his loan, he took out another one for MNT 2,7 million (about USD 1,856) to increase his herd further. Now, he owns 45 cows and he plans to further grow his breeding business by taking out another loan. The biggest part of his income comes from selling milk and cheese in the surroundings. He lives in an area of "datchas", or holiday residences in the country side, where people retire during the summer season to get away from the heat and pollution of the city. He also delivers his dairy products to a holiday camp that was built in the proximity of his tent home.



5

FINANCIAL INSTITUTION SNAPSHOTS



This section profiles three selected FIs: the two largest organisations in the portfolio by number of clients (LOLC Cambodia and Khan Bank), and one of the new FIs (FINCA Tajikistan). Data on the loan portfolio was collected directly from FINCA and Khan Bank, and from secondary sources for LOLC Cambodia.

LOLC CAMBODIA

Overview

Founded in 1995 by Catholic Relief Services as part of its Small Enterprise Development Programme, LOLC (Cambodia) is a microfinance deposit-taking institution with a social vision and a business orientation. By offering effective and sustainable financial services that empower clients, it provides entrepreneurs and families at the base of the socio-economic pyramid with opportunities to transform the quality of their lives and their communities. Its commitment to responsible lending, customer service, innovative products, and fair and transparent pricing have made LOLC a trusted provider of financial services for Cambodians.

Products and services

- Group loan – to help clients run and grow their micro- and small businesses
- Individual loan – for individual entrepreneurs who require a loan for additional working capital or fixed asset acquisition
- Small and medium-sized enterprise loan
- Loan for agricultural machinery

- Seasonal loan geared towards agri-businesses activities, such as rearing livestock, storage, fishing and farming
- Deposit products for savings accounts and fixed deposits
- Financial leases for vehicles
- Financial services for local money transfer and fast payment service.

Target Clients

LOLC focuses on providing entrepreneurs and families at the base of the socio-economic pyramid with opportunities to transform the quality of their lives. It is currently the fourth-largest microfinance institution in Cambodia, with a network of 76 branches nationwide, more than 210,000 clients and a loan portfolio of more than US\$323 million.

Client Story

Ms. Sokhon Hou lives in Prey Veng province. She began working with LOLC in 2013 to support her family's rice farming business and secured a US\$6,000 loan to purchase fertiliser, seeds and a plough. Now on her fourth loan cycle she has used the financing to expand her cultivation area from three to five hectares and to purchase agricultural machinery to increase productivity. Access to capital has helped her manage cash-flow challenges caused by unexpected emergencies. Ms. Hou is now able to look ahead and diversify her income by creating a new business: a small coffee shop in front of her home.



FINCA TAJIKISTAN

Overview

FINCA Tajikistan is a licensed micro-deposit-taking organisation. It offers a range of agricultural, business and personal loans to help people earn a living and improve their quality of life, along with savings services so they can reach their goals.

Its mission is to alleviate poverty through lasting solutions that help people build assets, create jobs and raise their standard of living. It aims to be an unconventional community-based bank that profitably and responsibly provides innovative financial services to enable low-income individuals and communities to invest in their futures.

Products and services

- Agricultural loan for individuals: loans to farmers who have large or small farms.
- Business loans for individuals: loans focused on entrepreneurs looking to develop their own businesses.

Target clients

FINCA Tajikistan focuses on serving low-income micro-entrepreneurs and SMEs, with a targeted approach towards reaching women. It achieved its 2019 target of 35 per cent of borrowers being women, and has increased this target to 38 per cent female clients for 2020. It supports women running businesses across different sectors, including handicrafts and beauty salons, and is in the process of launching a new Women's Entrepreneur Loan to support female entrepreneurs. It also targets low-income people, most of whom are in the southern part of Tajikistan working in the agricultural sector. More than 80 per cent of FINCA's branches are in the Southern Region and 55 per cent of its portfolio is in agriculture, albeit diversified across different crops and farm sizes.

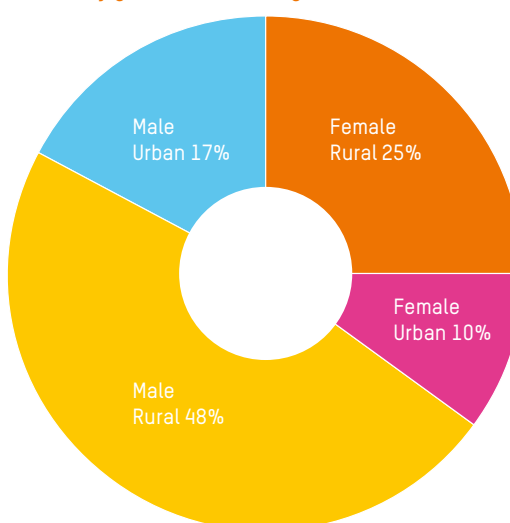
Client Story

Nafisahon has been a client of FINCA Takistan since 2013 and now is on her fifth loan cycle, after receiving a first loan of US\$5000. Thanks to this successful cooperation with FINCA, her business in selling fabrics to make kurpacha, a type of mattress, grew rapidly. Nafisahon has managed to increase her range of products, expand points of sale and acquire new customers. She currently has two freight containers for trading at a large wholesale market in Khujand, Northern Region, with stock including goods she imports from neighbouring Uzbekistan.

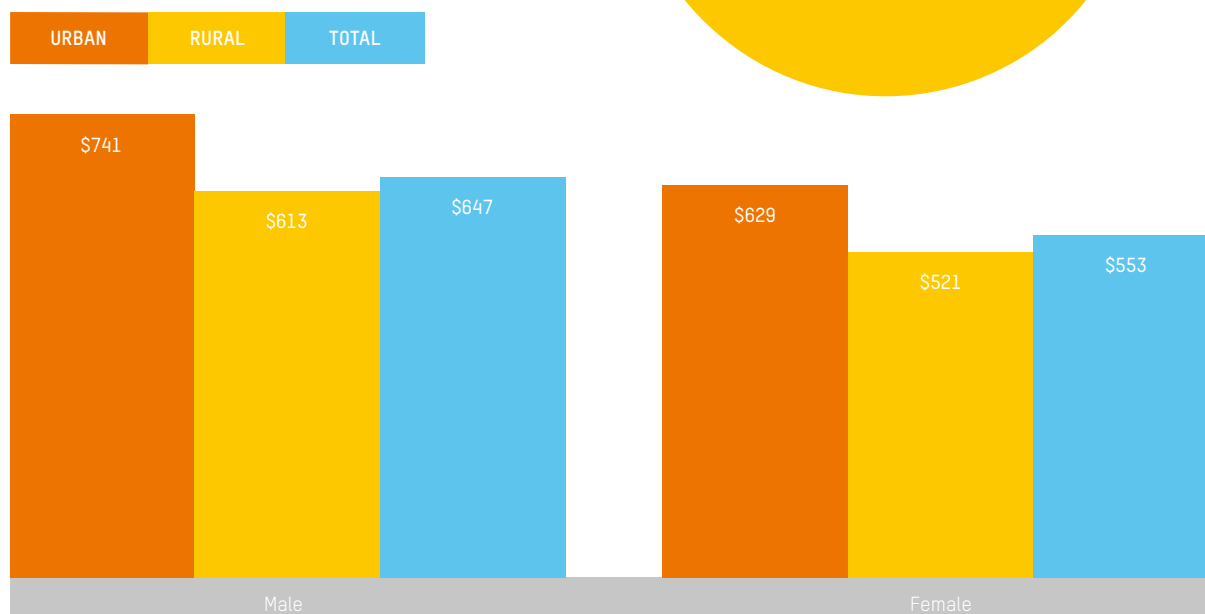
Clients by sector

	Female	Rural
Agriculture	28%	85%
Production	32%	42%
Trade	42%	48%
Services	49%	53%

Clients by gender and setting



Average loan size by gender



KHAN BANK

Overview

Established in 1991, Khan Bank has been operating for 25 years in Mongolia. It is a nationwide leader in delivering a full range of financial services and products to consumers, small and medium-sized enterprises and corporate customers. Khan Bank aims to be the country's most trusted financial institution and to benefit people's lives and Mongolian society.

Products and Services

- Consumer and business loans
- Investment and financial consultancy
- Issuance, buying and selling of securities
- International payment service
- Issuance of bank guarantees to a third party
- Finance leasing
- Deposit savings.

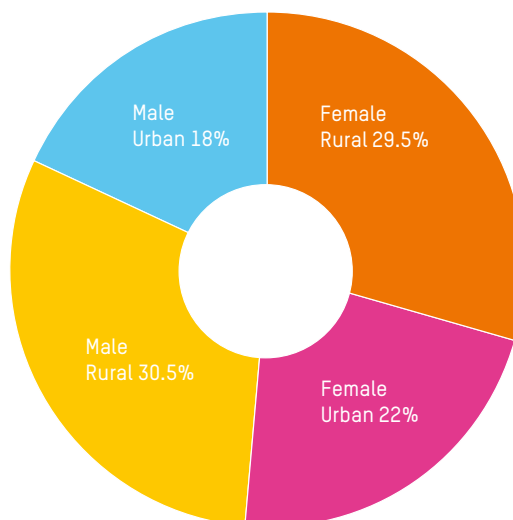
Target Clients

Khan Bank operates throughout Mongolia with 537 branches and 5,800 employees in the capital, Ulaanbaatar, and rural areas. Through this extensive network, it provides comprehensive banking services to 2.4 million customers, including 1.7 million card owners and 53,000 corporate customers. Khan Bank has a high volume of consumer lending, but in 2018, it developed an SME lending strategy. This includes developing products specifically for women-led businesses and lending across the value chain in specific sectors, such as dairy production.

Clients by sector

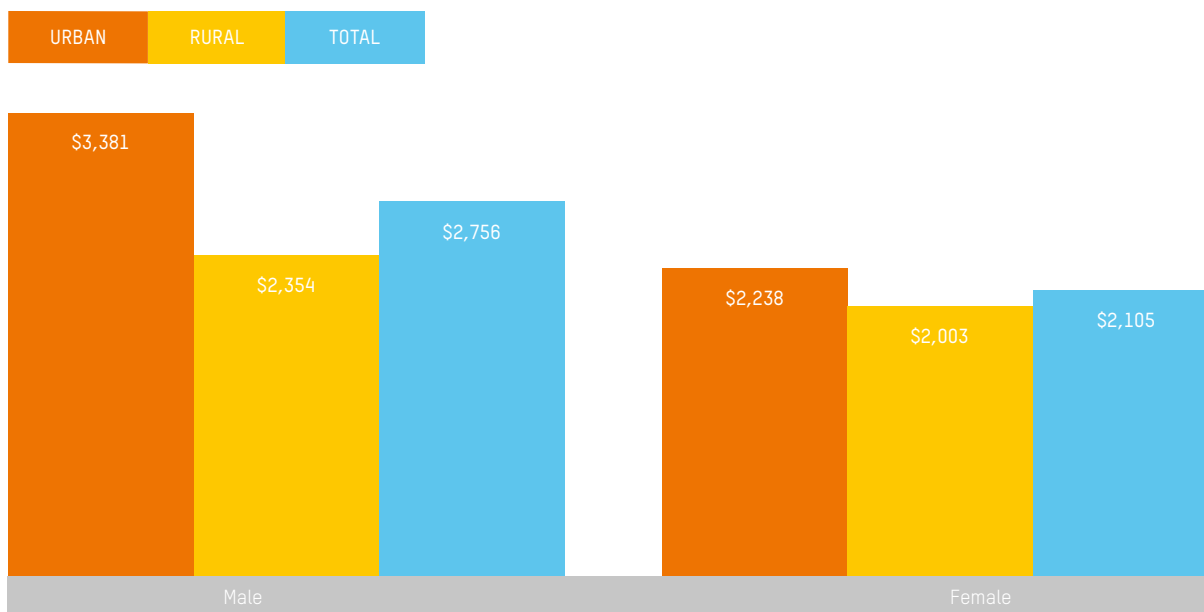
	Female	Rural
Agriculture	10%	99.4%
Production	38.2%	61.8%
Trade	55%	52.5%
Services	55.5%	61%
Construction	36.1%	62%
Transport	5.8%	71%

Clients by gender and setting



Khan Bank provides banking services to 2.4 million customers, including 1.7 million card owners.

Average loan size by gender



6

CONCLUSIONS AND RECOMMENDATIONS





The Enabling Microfinance Fund (EMF) was launched in recognition of the lack of access to finance as a barrier to large-scale poverty reduction. EMF's impact goal is to increase access to finance for micro, small and medium-sized enterprises that contribute to poverty reduction, job creation and sustainable economic development in emerging and frontier markets.

This first Annual Social Impact Report finds that EMF is performing well against its strategic objectives, but there is an opportunity to review the Fund's targeting strategy more carefully. Specifically, the following has been achieved against EMF's strategic objectives.

1. ALLOCATE THE PORTFOLIO EQUALLY BETWEEN MICRO-ENTERPRISE AND SMALL AND MEDIUM ENTERPRISES IN LOW-INCOME ECONOMIES.

RESULTS

Fifty-one per cent of all loans made by FIs in the EMF Direct Portfolio were productive loans (59 per cent by volume). The remainder were predominantly consumer loans.

Micro-loans account for 50 per cent of the total number of outstanding loans and 8 per cent of the loan value for the Direct Portfolio. Small business loans account for 48 per cent of total loans made and 31 per cent of volume. Less than 2 per cent of loans are in the US\$15,000 to US\$250,000 range (19 per cent by volume) and 0.2 per cent were larger loans. However, loans above US\$250,000 account for a sizeable share (41 per cent) of productive loans.

COMMENTARY

Partially achieved.

There is a sizeable non-productive loan segment diluting the impact mission of jobs and enterprise growth. However, this is mainly due to the large scale of consumer lending at Khan Bank, an FI where EMF has 12 per cent exposure in its Direct Portfolio. This FI is now increasing its focus on business lending.

Within the productive loan segment, there is a good split between micro-enterprises and SMEs by number of loans. However, analysis of loans by volume indicates that small business loans (US\$2,000-US\$15,000) make up only 31 per cent of the volume, and loans between US\$15,000 and US\$250,000 make up 19 per cent. This suggests there is still a finance gap for SMEs to be addressed – the so-called "missing middle".

It is important to recognise different FI strategies and capabilities. Those that have traditionally served micro-entrepreneurs may have a pool of clients with the ambition to grow and enter the lower end of the SME space. However, many micro-entrepreneurs do not have growth ambitions. Targeting growth SMEs requires a dedicated outreach strategy, appropriate products and a tailored lending approach. Six of the 15 FIs in the Direct Portfolio have relatively high levels of SME lending.

2. REACH AN EVEN DIVISION OF URBAN AND RURAL CLIENTS.

RESULTS

In the Direct Portfolio, rural clients make up 74 per cent of outstanding loans and 42 per cent by loan volume. For comparison, the BlueOrchard Global Microfinance Strategy reaches 49 per cent rural clients.

COMMENTARY

Achieved.

EMF needs to monitor rural outreach on an annual basis, as the growth rate for rural clients was below that for urban clients in 2018-2019. This is in part because the three new FIs have a lower than average proportion of rural clients.

3. SERVE MORE THAN 50 PER CENT WOMEN AND WOMEN-OWNED BUSINESSES.

RESULTS

In EMF's Direct portfolio, female clients account for 63 per cent of outstanding loans and 47 per cent by loan volume. For comparison, the BlueOrchard Global Microfinance Strategy has 52 per cent female clients.

COMMENTARY

Achieved.

EMF needs to monitor FI outreach to female clients on an annual basis, as the growth rate for female clients was below that for male clients in 2018-2019. This is in part because the three new FIs have a lower than average proportion of female clients.

This analysis leads to five key recommendations that aim to ensure EMF achieves its impact goal:

RECOMMENDATIONS

1. GROW THE DIRECT PORTION OF THE PORTFOLIO

EMF's Direct Portfolio gives more control for achieving the Fund's social aims and improves access to information for impact management.

2. SHARPEN THE SMALL BUSINESS FOCUS OF SME EXPOSURE

The Direct Portfolio still has a microfinance focus. The portfolio should distinguish itself from and complement the BlueOrchard microfinance strategy. This can be done by investing in broader types of FIs, such as small banks or specialised SME lenders. EMF should look to back FIs with proven SME lending expertise and a focus on supporting inclusive and sustainable development – for example, through financing businesses across a value chain in under-developed regions.

3. FOCUS ON PRODUCTIVE LOANS THAT CONTRIBUTE TO SUSTAINABLE ECONOMIC DEVELOPMENT

EMF may wish to set screening criteria for its Direct Portfolio FIs to ensure investees are aligned with EMF's growth focus. For example, it could have a limit that consumption loans comprise up to 20 per cent of an FI's loan portfolio.

4. EXPAND GEOGRAPHIC FOOTPRINT

Currently the EMF has no exposure in the Direct Portfolio to Africa, where there are the highest levels of poverty globally. This partly reflects the fact that microfinance is less developed in Africa compared to Asia, Latin America and Eastern Europe. EMF may want to encourage the investment manager to develop its investee network in Africa.

5. CONTINUE TO DEVELOP EMF'S IMPACT AMBITIONS

Find tools to measure progress EMF's impact ambitions. Analysis to better understand business growth outcomes, job creation and job quality requires visibility deeper than portfolio level. Access is needed to information about FI clients, e.g. enterprise level data. This could be gained through "deep dive" analysis of selected FIs using techniques that aim to provide EMF with direct feedback on impact performance, as well as giving the FIs valuable insights. Oxfam is committed to working with EMF to develop and test tools to improve understanding of end-clients' experience in a systematic way.

THE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) are an important tool enabling companies and funds to frame the societal impact of their activities. The EMF Fund was launched in 2009, before the launch of the SDGs in 2016, but there is alignment between the Fund's positive social impact ambitions and several of the Goals.

The SDGs are a broad and comprehensive framework, making it possible to map Fund activities against many more Goals than are part of the Fund's core strategy. The mapping figure below distinguishes between explicit aims of the Fund and any investee activities which incidentally overlap with the SDGs. The primary links between the Fund and the SDGs are based on intentionality, and are made with caution and an emphasis on the need for more in-depth and conclusive evidence.

More robust impact management and measurement is required across the social impact investing sector to make credible causal links between inclusive finance initiatives and the SDGs. The table below highlights complementarity between several of the globally agreed goals for a sustainable future and the motivations of the EMF Fund.

SDGs	How Financial Institutions (FIs) can contribute ¹⁵	Evidence of alignment in EMF's Direct Portfolio of FIs
SDG 1 No poverty 	Unemployment, underemployment and insecure employment are key determinants of poverty. Small and medium-sized enterprises (SMEs) are the engine of growth and employment within economies and the key to driving up formal employment. However, SMEs have been unserved by mainstream financial institutions. Access to finance for SMEs to grow and create formal-sector, sustainable paid employment is critical to this Goal.	SME growth and financial inclusion are core aims of EMF, and key to poverty reduction at scale. A number of FIs track poverty-specific data, but this is not systematically collected portfolio-wide. LOLC Cambodia, for example, uses the Poverty Probability Index, and estimates that 29 per cent of borrowers live below the national poverty line (see case study). However, evidence on progress in reducing poverty is weak. Further gathering of impact studies and data is required.
SDG 2 Zero hunger	This SDG target aims to double the agricultural productivity and incomes of small-scale food producers, pointing to the importance of access to financial services to help reach this goal.	Agriculture is the sector with the second-largest share of productive loans (21 per cent) in EMF's Direct Portfolio. However, to make clear the link between this SDG and EMF's impact, qualitative data about FI's small-scale food producer clients is needed. There is evidence that employees in food production can be underpaid to the point that they are food-insecure themselves. ¹⁶
SDG 3 Good health and well being	The aim of improving the health of millions of people, increasing life expectancy, reducing maternal and child mortality and fighting leading communicable diseases depends on access to healthcare. Some FIs provide loans specifically to finance their clients' healthcare needs, while others offer health insurance.	Several FIs provide loans for healthcare purposes, such as Ecuadorian MFI Inotec (representing 6 per cent of all productive loans in EMF's Direct Portfolio, by number of clients), which provides healthcare micro-insurance.
SDG 4 Quality education	To reach the ambitious goal of quality education for all, government-funded public education is critical. However, some countries still lack the basic infrastructure and facilities to provide effective learning environments. In these contexts, low-cost private schools play a vital role delivering education services.	Several FIs provide loans for education purposes, such as to cover school fees.

<p>SDG 5 Gender equality</p> 	<p>Financial inclusion is a critical factor in achieving gender equality. Women and girls remain overlooked and underserved by financial institutions. Financial inclusion for women is a powerful tool, providing opportunity and independence.</p>	<p>EMF intentionally seeks out investees creating products and services for women, as a consequence 63 per cent of clients in the Direct Portfolio are female. More conclusive links can be made between this SDG and FI's impact on gender equality when the definition of serving women expands beyond FI's having female clients and explores women's roles at enterprise level.</p>
<p>SDG 7 Affordable and clean energy</p> 	<p>Access to electricity and clean, renewable energy is vital to a sustainable future. FIs have a key role in enabling clients to afford green energy products, promoting environmental protection and the supply of cost-effective energy for low-income groups</p>	<p>A number of FIs in EMF's Direct Portfolio have dedicated clean-energy financing facilities. Others, such as FUNDAP in Guatemala, also offer environmental education and loans geared towards improving environmental infrastructure, such as the establishment of forest and fruit nurseries, potable water systems and basic sanitation infrastructure.</p>
<p>SDG 8 Decent work and economic growth</p> 	<p>A 2011 study by the World Bank showed that SMEs contributed 78 per cent of new jobs in low-income countries. This confirms their powerful role in providing formal employment in the developing world. SDG 8 sets out specific targets related to strengthening micro, small and medium-sized enterprises (MSME) in order to meet employment and economic growth goals.</p>	<p>Half of all loans in EMF's Direct Portfolio were made to small enterprises for the purposes of business development. This support for SMEs acknowledges the need for a shift to formal employment in place of the informal arrangements often found in micro-enterprises. Understanding the quality of jobs created is key to alignment with this goal.</p>
<p>SDG 9 Industry innovation and infrastructure</p> 	<p>SDG 9 highlights the critical role of MSMEs in industry and innovation in the developing world, and the importance of supporting MSME growth. But it also highlights the challenges involved, including what is estimated to be a global credit gap of US\$3.2–3.9 trillion in financing for enterprises with less than 100 employees.</p>	<p>EMF client FUNDAP, for example, provides infrastructure loans to extend credit for men and women who invest in construction, expansion or remodelling of housing, or for purchase of land.</p>
<p>SDG 10 Reduced inequalities</p> 	<p>Inequalities within countries persist partly because of lack of access to financial services and credit for poor and marginalised people. Inclusive finance tackles this by providing financial services both to the poor and vulnerable non-poor, as well as others, such as SMEs, traditionally underserved by mainstream financial institutions. These services aim to provide the means for people to lift themselves out of poverty.</p>	<p>Improving access to financial services is a founding aim of EMF, which specifically targets rural and female investee clients, traditionally excluded by financial institutions. EMF's Direct Portfolio comprises 63 per cent female clients and 74 per cent rural clients.</p>

ANNEX

EMF Direct Portfolio rated by Blue Orchard's Social Performance Impact Reporting and Intelligence Tool (SPIRIT). Individual categories of the SPIRIT score are shown as a percentage of total possible score.

ANNEX TABLE 1 EMF DIRECT PORTFOLIO SPIRIT RATINGS

MFI	Country	SPIRIT Rating	1. Define and monitor social goals	2. Ensure board, management and employee commitment to social goals	3. Design products and services that meet clients' needs and preferences	4. Treat clients responsibly	5. Treat employees responsibly	6. Balance financial and social performance	7. Promoting environmental protection
BPB Bank	Kosovo	56.0	30.7	45.0	67.5	66.3	92.6	25.0	35.0
Cooperative Pacifico	Peru	71.2	48.2	65.0	91.7	74.0	85.3	57.5	80.0
Exitus Capital	Mexico	67.8	56.9	60.0	35.9	71.7	100.0	85.0	60.0
Express Leasing	Moldova	55.8	30.0	55.0	30.0	69.6	85.3	62.5	60.0
Finca Tajikistan	Tajikistan	65.9	18.2	85.0	20.9	34.8	100.0	72.5	60.0
Fundap	Guatemala	63.8	71.9	85.0	52.5	47.8	70.6	50.0	100.0
Georgian Credit	Georgia	64.5	45.7	52.5	45.9	70.7	100.0	50.0	100.0
Insotec	Ecuador	74.9	88.2	52.5	76.7	77.2	77.9	77.5	35.0
Itaca	Mexico	67.7	59.4	90.0	55.0	60.9	85.3	70.0	60.0
Khan Bank	Mongolia	73.9	38.2	85.0	94.2	63.0	100.0	77.5	100.0
LOLC Cambodia	Cambodia	79.8	76.9	85.0	69.2	89.0	88.2	62.5	75.0
RoCredit IFN S.A.	Romania	64.5	51.3	60.0	85.9	51.6	94.1	57.5	35.0
Salym Finance	Kyrgyzstan	55.0	23.8	45.0	50.9	53.3	100.0	80.0	100.0
Sunrise	Bosnia Herzegovina	61.5	55.7	62.5	39.2	66.4	100.0	10.0	100.0
VisionFund Lanka	Sri Lanka	69.5	79.4	90.0	57.5	67.3	94.1	50.0	-10.0

ANNEX TABLE 2 SUMMARY OF SPIRIT INDICATORS OF INTEREST

SPIRIT Category	SPIRIT Indicator	Social Performance by % FIs
Define and monitor social goals	Does the institution's mission statement specify target clients, which include vulnerable or excluded groups?	Yes – 67% No – 33%
	Does the institution's mission statement specify the expected social outcomes, including access to financial services for target clients and creating benefits for these clients?	Yes – 80% No – 20%
	Does the institution's mission statement specify how the institution will meet the need of the target group?	Yes – 67% No – 33%
	Has the MFI taken part in any social impact studies, social audits or social ratings in the past two years?	Yes – 20% No – 80%
Ensure commitment to social goals	Does senior management assess social performance risks in a formal/systematic fashion?	Dedicated social performance management team – 33% Annual review for management – 67%
Design products and services that meet clients' needs and preferences	Does the MFI offer financial education?	Yes – 53% No – 47%
	Does the MFI offer business development services?	Yes – 40% No – 60%
	Does the MFI offer other non-financial services (including health services, women's empowerment etc.)?	Yes – 53% No – 47%
	How does the MFI compare to peers in terms of client retention and does it investigate reasons for drop-out?	Favourable retention rates – 73% Retention rates lower than market – 27%
Treat clients responsibly	Has the MFI endorsed the SMART Campaign?	Yes – 47% No – 53%
	Has the MFI received the SMART Campaign certificate or high marks in a social rating or social audit?	SMART certification – 7% High rating – 27% No – 67%
	Does the MFI have a formal policy on multiple loans?	Yes – 100%
	Does the MFI use credit bureau and competitor analysis effectively to reduce risk of over-indebtedness?	Systematic checks – 80% Above threshold checks only – 20%
	Does a formal mechanism to handle customer complaints exist?	Yes – 93% (66% at head office level, 27% at branch level) No – 7%
Treat employees responsibly	Does the MFI monitor the rate of employee turnover and understand reasons for employee exit?	Employee turnover reasonable – 67% Turnover high, but out of MFIs control – 33%

ANNEX TABLE 3 CLIENT OUTREACH AND SPIRIT RATING BY FI

FI	SPIRIT Rating	% Micro Loans	% Female Clients	% Rural Clients	Combined Outreach
BPB Bank	56.03	8.0	28.0	No Data	18.0
Cooperativa Pacifico	71.16	50.9	14.7	0	21.9
Exitus Capital	67.78	13.8	6.3	0	6.7
Express Leasing	55.75	80.7	32.3	49.4	54.1
FINCA Tajikistan	65.91	100.0	34.9	72.4	69.1
FUNDAP	63.78	84.8	80.8	83.8	83.1
Georgian Credit	64.53	78.8	40.4	79.0	66.1
INSOTEC	74.88	99.1	42.1	71.5	70.9
ITACA	67.66	100.0	86.0	100.0	95.3
Khan Bank	73.88	2.5	53.1	58.5	38.0
LOLC Cambodia	79.75	95.1	71.2	92.2	86.2
RoCredit IFN S.A.	64.5	41.1	47.4	27.0	38.5
Salym Finance	55	34.1	53.2	71.0	52.8
Sunrise	61.53	50.5	41.8	36.9	43.1
VisionFund Lanka	69.5	100.0	99.0	93.0	97.3
EMF Direct	66.1 (ave)	50.2	63.1	73.9	62.4

ANNEX TABLE 4 AVERAGE LOAN SIZE BY PRODUCT TYPE

	Average Loan Size (US\$)	Average Productive Loan Size (US\$)	Average Consumption Loan Size (US\$)	Average Mortgage / Housing Loan Size (US\$)	Average Education / Health Loan Size (US\$)	Average Other Loan Size (US\$)
BPB Bank	9,239	31,712	3,114	12,934		17,465
Cooperativa Pacifico	49,230	67,041	11,825	27,625		
Exitus Capital	194,484	194,484				
Express Leasing	2,387	2,343	2,576			
FINCA Tajikistan	614	614				
FUNDAP	835	611	1,565	2,141		
Georgian Credit	1,731	1,922	587	8,160		549
INSOTEC	2,876	2,876				
ITACA	195	195				
Khan Bank	3,038	25,552	2,081	17,105	949	1,473
LOLC Cambodia	2,152	2,067				4,128
RoCredit IFN S.A.	26,688	31,566				4,283
Salym Finance	1,434	1,797	918	1,625		
Sunrise	1,321	1,533	1,044	1,768	728	151
VisionFund Lanka	226	226				
EMF Direct	2,840	3,276	2,159	9,025	909	1,981

Notes

- ¹ The OECD defines micro-enterprises as having less than 10 employees, small businesses less than 50 employees and medium-sized businesses less than 250 employees.
- ² Note that “Direct” refers to investments made into financial intermediaries, rather than pooled via the BlueOrchard Global Microfinance Strategy. It does not refer to investments directly into MSMEs themselves.
- ³ Research conducted for Oxfam by Technical Assistance partner, CapPlus, for the The Small Enterprise Impact Investing Fund (SEIIF) Impact Performance 2012-2014, https://issuu.com/pearlworks1/docs/seiif_spreads_web
- ⁴ <https://impactmanagementproject.com/impact-management/what-is-impact/>
- ⁵ <https://iris.thegiin.org/>
- ⁶ BlueOrchard’s Social Performance Impact Reporting and Intelligence Tool (SPIRIT). See annex 1
- ⁷ <https://sptf.info/universal-standards-for-spm/>
- ⁸ BPB Bank, FINCA Tajikistan, and Sunrise
- ⁹ MSMEs can access consumption loans, so it cannot be assumed that all consumption loans are accessed by individuals or households.
- ¹⁰ In some countries, free health care and education are not available, meaning poor people end up borrowing to cover these costs.
- ¹¹ No data is available on the size of the client by turnover or number of employees.
- ¹² The fund manager, BlueOrchard, considered this as loans below \$15,000, but we consider this too high given the likely financing needs of microenterprises.
- ¹³ BlueOrchard classification.
- ¹⁴ Loans not classifiable by gender (e.g. to end-clients such as associations, corporations, companies or similar) account for less than 1 per cent of loans made
- ¹⁵ This is adapted from the BlueOrchard annual social impact report (2017-2018)
- ¹⁶ Ripe for Change Report, https://www-cdn.oxfam.org/s3fs-public/file_attachments/cr-ripe-for-change-supermarket-supply-chains-210618-en.pdf

Photos

Page 1. Kholduory is a member of an Oxfam associated women’s savings group and has been able to borrow money from the group to pay for land and seeds to grow wheat. “The yield from this wheat helps me to get money when I sell it, and I can then afford to buy school uniform for my children.” Photo: Eleanor Farmer/Oxfam

Page 8. A group of indigenous women from the Andes at a communal plot. They grow potato plants and share the yield. The women are involved with the Asociacion Andes in Lares, Peru. Photo: Ilvy Njiokiktjien/Oxfam

Page 10. A young woman on her parent’s raspberry farm in Zavidovici municipality in Bosnia and Herzegovina. Her family harvest Polka raspberries and the income generated from this enables them send her to school. Photo: Leyla Camo/Oxfam

Page 12. A majority of the population in Bosnia Herzegovina and Albania live in rural or peri-urban areas with low levels of development and a high level of poverty. Agriculture represents a major economic activity, with production often organized at the household level. Photo: Spodoba/istockphoto

Page 16. Natalia Partskhaladze, at her cooperative which produces herbal and black teas. It is part of a nationwide project led by Oxfam that so far has facilitated the formation of 48 cooperatives, employing around 10,000 people. Photo: Sam Tarling/Oxfam

Page 28. In Cambodia, farmers lack power and information for negotiating with traders and companies on price and other conditions. Oxfam works with rice farmers to test the application of block chain technology in the rice value chain. Photo: JordiRamisa/istockphoto

Page 29. Phrav and her husband Mol mill rice at their home in Bor Pi village in Cambodia. After joining an Oxfam supported ‘Saving for Change’ group, they have been able to buy this mill and make major improvements to their home. Photo: Savann Oeurm/Oxfam

Page 32. Lucas lives with his wife and children in the community of Caparrosa, Guatemala. He farms corn, beans, cassava and avocado. As a beneficiary of an Oxfam project, he received a grant allowing him to improve his irrigation system and increase the quality of his crops. Photo: Pablo Tosco/Oxfam

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