EaSI Technical Assistance Workshop

Microfinance, a pioneer in Impact Investment.

Achievements & new challenges

15th of October 2021, Brussels
EaSI Technical Assistance to the European Microcredit Sector

European Commission
DG Employment, Social Affairs and Inclusion

For more and better jobs and a fair and open society

Facilitator of this Workshop

This project has received financial support from the European Union Programme for Employment and Social Innovation “EaSI” (2014-2020).
INPULSE - Moderator

Bruno DUNKEL
General Manager
https://www.inpulse.coop
bruno.dunkel@inpulse.coop
The word to our practitioners:

**ADIE** (France)
MARC OLIVIER
Financial Director
https://www.adie.org/

molivier@adie.org

**OMRO** (Romania)
FLORIAN TELEABA
Deputy CEO
https://www.filbo.ro/

florian.teleaba@omro.ro
Adie
32 years of social impact in France

(2020 figures)

- 29,019 People financed
- 122 M€ loans
- 170 Branches
- 304 Temporary offices
- 636 Employees
- 1,100 Volunteers

- 41% women
- 24.5% are between 18 and 30 years
- 37% receive basic social benefits
- 24% have no diploma
- 20% live in low-income neighbourhoods
- 25% live in rural areas
- 49% live below the poverty line
- 21.5% are more than 50 years old
Adie
A pioneer on impact

SOCIAL PERFORMANCE ASSESSMENT FRAMEWORK

PROPER TARGETING
Confirming proper targeting of beneficiaries

Stable

SOCIAL PERFORMANCE STANDARDS
How MFI ensures the achievement of its mission?

Score: 81.5%

SOCIAL IMPACT
Measuring social inclusion, sustainability

93% insertion

ECONOMIC IMPACT
Measuring financial return on investment for Public authority

2.53 € per euro invested

IMPACT INVESTMENT INSTRUMENTS

BANK FUNDING
For 1€ invested, a bank contribute to create 300 jobs

SOLIDARITY-BASED FUNDS
By investing 3.000 euros, an employee will contribute to create 1 job

« TITRES ASSOCIATIFS »
1M€ invested = 1.500 jobs created

SOCIAL IMPACT BONDS
Experiment innovative social programs with high social impact
Adie

What is behind?

Adapt the organisation (recruitments, distribution model, …)

Increase support to beneficiaries

Invest in digital tools

Increase our social impact

Impact assessment

Ensuring we keep targeting most excluded people

Guarantee

Funding

Subsidies

Convincing investors, public authorities, …
OMRO IFN SA – 25 years of social impact

- Founded in 1994
- >10,000 small entrepreneurs financed
- >80 mn EUR of loans offered
- ~30% women
- >50% in rural areas
- ~30% young people (<35y)
- ~850 jobs supported
- ~20% small farmers (ex. <2ha)

Impact in 2020
2020-2022: digital transformation for creating a bigger impact

Nov. 2020 → Meet

Today:

✅ **First 100% online** loan for legal entities in Romania

✅ **Shortest**: 8h 46 min final approval time in Sept. (periodically displayed on [www.filbo.ro](http://www.filbo.ro))

✅ **Simplest**: 10 minutes to apply, only 2 documents required (even 1 in some period of the year)

✅ Portfolio doubling y-o-y with breakeven at H1 2021

✅ Clean architecture, distributed services, cloud native, Agile modus operandi

---

**First Embedded finance for B2B in Romania (Launch: Oct.)**

**Digital financial ecosystem (Launch: H2 2022)**

**First Buy-Now-Pay-Later for B2B in RO (Launch: Oct./Nov.)**

Business accounts
Integrated e-invoicing and basic accounting
Payments & cards
Microfinancing
Gamification and social features
What is behind?

Impact through innovation and digital transformation

Funding and capital
Funding that takes into consideration the risk profile of our target customers.

Technology and people
Technology helps. Systems are not built/used though by systems, but by people. Which must also adapt.

Risk scoring
Our target customers where we can have most impact require a different, non-traditional, way of looking at risk.
The specialized investors

**EIF**
CRISTINA DUMITRESCU
Senior Investment Manager
https://www.eif.org/
c.dumitrescu@eif.org

**INCOFIN**
NOÉMIE RENIER
Head of Debt for Financial Institutions
https://incofin.com/
noemie.renier@incofin.com

**BNP Paribas**
CLAUDIA BELLI
Global Head Financial Inclusion and Social Impact Accelerator
https://group.bnpparibas/
claudia.belli@bnpparibas.com
We’re the European Investment Fund

We are the Inclusive Finance Team

We make it easier for very small businesses to access finance
Social Impact @EIF

3 flagship Programmes

- EFSI
- EaSI
- Social Impact Accelerator

A wide range of Products

- First Loss Capped Portfolio Guarantees
- (Indirect) Equity investments
- Loans – senior and subordinated
- Capacity Building investments

Dedicated People

Mandate team
Impact Investing
Inclusive Finance
Results to date

More than EUR 1.4bn dedicated to microfinance and social enterprise finance

More than EUR 1bn committed to FIs, expecting to generate c. €5.6bn of financing. So far, more than 155k companies have accessed financing

Wide geographical outreach: all EU MS (except Cyprus and Malta), Albania, North Macedonia, Montenegro, Serbia, Turkey

Piloting new forms of interventions: Payment by Results, Accelerator/Incubator, Capacity Building Investments, targeted pilot to migrants and refugees via blending

Ecosystem: nascent, emerging and mature markets. Diversified spectrum of intermediaries

Data as of end of December 2020. Indicative figures, not EIF official figures.
Going forward

- **InvestEU** will enable EIF to continue implementing key social impact programmes and continue mobilising the private sector.
- Enhanced focus on environmental and social thematic investments.
- Continue strengthening the social finance ecosystem specially in underdeveloped markets.
- Reinforce financial instruments with non-financial support: advisory and capacity building.
Incofin Investment Management
Leading emerging markets focused impact investment manager

- Established in 1992
- Top 5 emerging markets financial inclusion focused manager
- 20+yrs experience in private debt and equity investments in financial inclusion and agri food value chain
- “Glocal” setup: 74 staffs 20 nationalities across 6 offices
- European AIFM licensed since 2014
- Supported by a diverse and loyal investor base
- Complementing investment with technical assistance to maximise impact

Financial services impact¹
- EUR 1.2bn Assets
- EUR 2.9bn Investments
- 160+ Transactions

Food and agriculture impact¹
- 330 000 smallholder farmers and collectors served
- USD 69m premiums from certifications
- 85,782 Women suppliers

- 45m end beneficiaries
- 67% rural borrowers
- 62% women active borrowers

1. KPIs As at December 2020
Incofin Investment Management

Pioneer and leader in building impact measurement standards in financial inclusion

- Innovator and early adopter of impact methodology, tools and metrics to integrate impact into the investment process and drive investment decisions
- Disseminator of impact know-hows to our partners through technical assistance and support in adopting best governance practices and social performance standards
- Change agent by taking initiative beyond investment to facilitate harmonization and drive transparency

Active participation in networks and standards setting initiatives

Incofin’s contribution in the evolution of social framework in microfinance
# Incofin Investment Management

## Microfinance as laboratory and testimony for the wider universe of impact investing?

### Impact challenges

**Grow financially sustainable business models**

- Financially sustainability to reach scale/impact > sizeable and resilient “asset class”
- Role of public funders in building bridges (blended finance, first loss mechanisms)
- Safeguards to mission drift and role of investors in promoting best SPM practices

**Threat of different new initiatives and regulations**

- Lack of harmonized or adequate regulatory frameworks increases the risk of irresponsible behaviour
- Key role of dialogue to share best practices and cooperation to drive harmonization
- LabODD and value added of CERISE/SPTF SIWG to link USSPM with SDGs and align with FSDR

**Preventing Impact Washing or “Rainbow” Washing**

- Financial Inclusion investors have seen what claiming impact without objectively measuring can lead to
- Outcome measurement, the missing piece of the “Impact” puzzle
- Beyond ESG: formalization of social return to reconnect fiduciary duties with impact incentives

---

*Drawing lessons from decades of experience and achievements in the microfinance*
Our Civic Responsibility: Actions for solidarity and financial inclusion in 2020

“World’s Best Bank for Financial Inclusion” at the Euromoney Awards for Excellence 2020

More than EUR 2.2 billion in financing and investment dedicated to social enterprises and microfinance institutions clients at the end of 2020

- Reaching EUR 6.2 billion including all kind of NGOs
- Financing and banking 2500 social entreprises and microfinance institutions across 15 countries

EUR 60 million of emergency donations to answer the sanitary crisis

- Support for hospitals and medical research
- Relief for the poorest (10 Microfinance institutions including Adie and Microstart, Red Cross, Food Banks, etc.)
- Support for young people in the digital divide

In collaboration with the associations of L’Ascenseur in France, BNP Paribas dedicated €20m for collateral-free loans to post-graduate scholarship students

The Rescue & Recover Fund is expanding its intervention capacity working in all major world emergencies and doubling the donations of clients and employees'

The bank for a changing world
OUR CIVIC RESPONSIBILITY : 2020 Highlights

In the area of financial inclusion:

- In partnership with UN Women, the Bank also developed the AgriFed (Support for Women in Agriculture and Sustainable Development) programme which promotes economic empowerment of women
- BNP Paribas continued its partnership with the United Nations Environment as part of the project Microfinance for Ecosystem-based Adaptation (MEbA) promoting the resilience of smallholder farmers to climate change by encouraging microfinance institutions to include biodiversity in the credit process

To encourage social inclusion in France:

- The Group has developed a banking system in France with tailored advice, loans without guarantees and mentoring to support young people from disadvantaged backgrounds who wish to study higher education
- French Retail Banking, alongside several corporates, created the AXELLE platform dedicated to vulnerable customers experiencing financial difficulties
- BNP Paribas Personal Finance proposed maturity expansions during the health crisis through the implementation of a specific programme
- BNP Paribas Polska has deployed a range of resources to enable customers with disabilities to access the Bank

In terms of generosity:

- 1 million Hours to Help: More than 500,000 of paid probonohours have been performed by our employees at NGOs promoting social and financial inclusion
GROUP SUPPORT TO MICROFINANCE (1/2)

MICROFINANCE IS A POWERFUL LEVER OF INCLUSION FOR PEOPLE EXCLUDED FROM THE TRADITIONAL BANKING SYSTEM

Support provided through several levers, including
- direct financing of microfinance lenders, the Microfinance Institution (MFIs),
- investment in specialized funds,
- creation and development of positive impact funds
- distribution of savings products dedicated to microfinance,
- technical assistance missions, etc.

Working through Banking operations in Western Europe, in the USA and in developing countries

Over the past 32 years, the Group’s microfinance activities indirectly benefited
- 2.4 million people worldwide, of which
  - 81% are women, thanks to
  - financing of 84 microfinance institutions (MFIs) in 33 countries.

BNP Paribas support to microfinance at 31 December 2020

- Total support in 2020: EUR 376 million

- Direct financing of 28 MFIs in 18 countries and indirect financing of 100 MFIs around the world.

- The Group deployed new loans in particular to Vietnamese MFIs that exclusively finance women (CEP and TYM), to a Moroccan institution (Al Amana) and also, for the first time, to an MFI in the Netherlands, Qredits.
Due to Covid-19, micro-entrepreneurs have increased their economic vulnerability:

- BNP Paribas strengthened its support to MFIs facing liquidity and solvency problems through:
  - Maintaining the majority of credit lines
  - Restructuring financing
  - Accepting requests for a moratorium or relaxing financial covenants

- The Group authorized a donation of EUR 1,2 million, paid to 11 MFIs and enabling:
  - French and Belgium MFIs to offer collateral-free loans to vulnerable people
  - To support 15,000 people in need in India, Indonesia, Vietnam, Ivory Coast, South Africa, Tunisia, Morocco and Brazil. This donation helped, among other to support 1,200 Indian families who received 5,000 hygiene kits
If you had 1 wish, what would it be?
Thank you to fill in the evaluation form
Do you have any questions?

Microfinance, a pioneer in Impact Investment.

EXPERT: Claudia Belli
claudia.belli@bnpparibas.com

EMN support: Adriana Olmedo
a.olmedo@european-microfinance.org