SYMBIOTICS IMPACT REPORT 2021

An impact assessment by

tameo Impact Fund Solutions

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ABOUT TAMEO

Tameo Impact Fund Solutions is a Swiss impact investing specialist serving the financial industry with independent expert solutions. Tameo guides investment funds, managers and investors through the entire impact investing journey. It offers the most comprehensive online database of impact funds, customized analyses and independent valuations. Through its research and advisory services, Tameo empowers clients to move to best-in-class impact measurement and management. Through this report, Tameo assesses the impact performance of Symbiotics as an independent third party, verifying the data collected and analyzing it at a portfolio level.

EXECUTIVE SUMMARY

This report analyzes and presents the social and environmental impact of Symbiotics investments as of December 2021. Financial services have an essential role to play in emerging economies and are a key contributor to achieving the Sustainable Development Goals (SDGs). The Symbiotics portfolio aims to contribute to sustainable development and economic growth by expanding access to finance among low- and middle-income households in emerging and frontier markets. To do so, Symbiotics has developed a threefold impact management approach along the following dimensions: **sustainable finance**, **impact investing** and **inclusive finance**.

Since 2005, Symbiotics has originated almost USD 8 billion in investments, growing its portfolio outstanding from USD 11 million in 2005 to 2.6 billion in 2021. As of December 2021, Symbiotics is investing in **291 financial institutions in 76 developing countries**. Of the 76 investee countries, 16 are Least Developed Countries according to the United Nations definition.

Symbiotics aims to address several global development challenges, mainly focusing on four of the SDGs – SDG 1: No Poverty, SDG 5: Gender Equality, SDG 7: Affordable and Clean Energy, and SDG 8: Decent Work and Economic Growth.

Symbiotics channels money to where it normally doesn't flow by investing in countries where barely more than half of the adult population has a bank account at a financial institution, expanding access to financial services in underserved areas. In 2021, Symbiotics reached nearly **2 million end-clients**, with a similar number of women and men (47% and 45% respectively). We also estimate that the portfolio supports over 3.7 million jobs through more than 1.7 million micro-, small and medium enterprises (MSMEs).

Symbiotics was among the founding partners of the 60 Decibels Microfinance Index, an industry-wide initiative to collect comparable client-level data on the impact of microfinance along five key dimensions. Using data from over 4,400 borrowers in 15 countries, we find that Symbiotics is facilitating first-time access to financial services for most borrowers, especially women. Most of the borrowers surveyed used the loans to invest in their microenterprises and were able to increase their business income as a result. The vast majority of respondents also reported that their overall quality of life has improved. On the other hand, some borrowers were struggling to make repayments, suggesting that there is room for improvement in assessing their repayment capacity. Overall, the 60 Decibels Microfinance Index demonstrates that Symbiotics investments have a significant positive impact on end-clients. It also highlights areas that Symbiotics can improve.

INTRODUCTION

Financial services have an essential role to play in emerging economies and are a key contributor to achieving the Sustainable Development Goals (SDGs).[i] However, one in three adults in developing countries remain unbanked,[ii] lacking access to basic financial services to help them manage their household finances.

Expanding access to finance among these underserved populations allows them to improve their financial resilience, capture business opportunities that would otherwise remain out of reach, and create new jobs, thereby contributing to several SDGs. For example, financial services such as loans, savings accounts and insurance products contribute to poverty alleviation (SDG 1: No Poverty) by providing low-income households with mechanisms to better manage their finances. In addition, targeting financial inclusion for women contributes to gender equality (SDG 5: Gender Equality), since low-income women account for the largest share of unbanked adults and often lack the resources to control their finances. Other tailored financial services targeting farmers may also contribute to food security (such as SDG 2: Zero Hunger) by increasing agricultural productivity and supporting smallholder farmers.[iii]

Through these channels, the Symbiotics portfolio aims to contribute to sustainable development and economic growth by expanding access to finance among low- and middle-income households in emerging and frontier markets.

THE SYMBIOTICS IMPACT PROMISE

Symbiotics follows a three-step investment process that includes a threefold impact management approach along the following dimensions:[iv]

i. Sustainable finance	ii. Impact investing	iii. Inclusive finance
Step 1: **Filtering the investment universe** by assessing each investee on its practices and **ESG norms**, using the Symbiotics proprietary rating methodology.	Step 2: **Structuring the investment** by identifying how each investment intends to contribute to the **SDGs** and by inscribing the impact intent in the transaction covenants.	Step 3: **Constructing the portfolio** by measuring and maximizing the outreach of investments to the **financially excluded** at country and end-client levels.

Step 1 Sustainability: ESG ratings

Before making any investment, each target investee is assessed using an environmental, social and governance (ESG) rating based on a multi-stakeholder approach considering ESG norms, typically represented by the Principles for Responsible Investing (PRI). The rating produces a grade from one to five stars, assessing the likelihood of contributing to sustainable development (see section I ESG RATINGS, page 8).

Step 2 Impact: SDG intent

Symbiotics addresses the intentionality of its investments by adding social covenants linked to specific objectives, allowing output and outcome measurement. It maps each investment to a single SDG, focusing on the investment's core SDG contribution, classified according to its SDG mapping classification (Figure 1).

Figure 1
SDG mapping classification

Step 3 Inclusion: BOP outreach

After making the investments, Symbiotics measures its portfolio outreach by assessing the extent to which each investment succeeds in pushing money to where it normally doesn't flow. That is, into the base of the pyramid (BoP) population in low- and middle-income countries in terms of breadth, and as deep as possible into low- and middle-income households (LMIH) and/or micro-, small and medium enterprises (MSMEs). The outreach measurement typically includes elements of client location, gender, client activity and credit type, in addition to measuring the GDP of target countries, the average size of investees in terms of total assets, and the average loan size to end-clients.

KEY IMPACT RESULTS

Table 1
Key figures as of December 2021

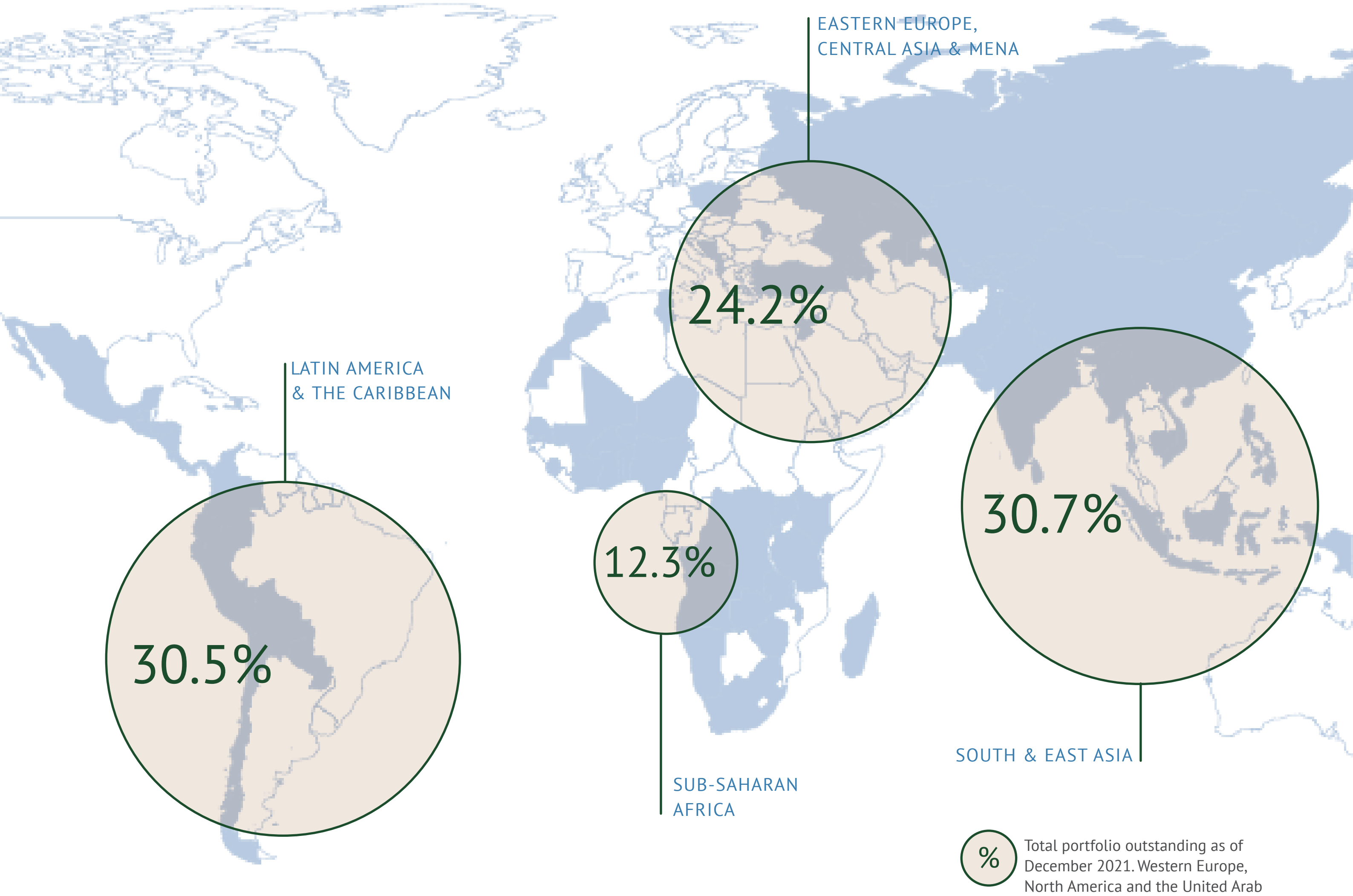
USD 2.9* billion ASSETS UNDER MANAGEMENT	76 COUNTRIES
291 INVESTEES	2 million END-CLIENTS FINANCED
47 % WOMEN BORROWERS	43 % RURAL BORROWERS
USD 2,425 MEDIAN LOAN BALANCE	3.7 million JOBS SUPPORTED (ESTIMATED)

* Assets under management include loans outstanding and cash

I INVESTMENT OUTPUT

Since 2005, Symbiotics has originated approximately USD 7.9 billion in investments. As of December 2021, it had USD 2.6 billion in outstanding volumes invested in 291 institutions in 76 countries. It invested the largest volumes in South & East Asia (30.7% of the outstanding portfolio), followed by Latin America & the Caribbean (30.5%), Eastern Europe, Central Asia & MENA (24.2%) and finally sub-Saharan Africa (12.3%).[V]

Figure 2
Investee countries



Total portfolio outstanding as of December 2021. Western Europe, North America and the United Arab Emirates are not shown in the breakdown

Symbiotics grew its portfolio outstanding from USD 11 million in 2005 to USD 2.6 billion in 2021. In 2005, the firm was solely investing in the microfinance sector. However, over the years, it has diversified its portfolio and now has 52% of its investments in the microfinance sector. Symbiotics is now also active in small business finance (37%), climate and energy (4%), food and agriculture (3%), housing and infrastructure (2%) and healthcare and education (1%).

Since 2005, Symbiotics has also diversified its investments in terms of regional breakdown, initially investing mainly in Eastern Europe and Central Asia (91% of the total outstanding portfolio). In December 2021, it invested the majority in South & East Asia as well as Latin America & the Caribbean, each representing 31% of the portfolio.

The top three countries of investment are India, Costa Rica and Ecuador, together representing 23% of the total outstanding portfolio. The top 10 countries by volumes invested are shown in Figure 4.

Figure 3

Portfolio outstanding

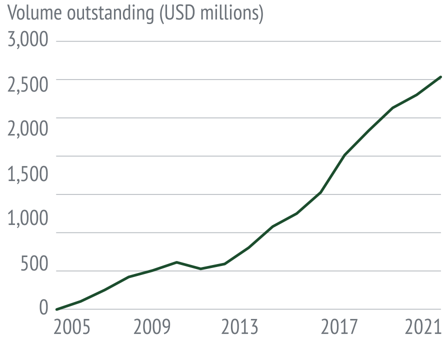
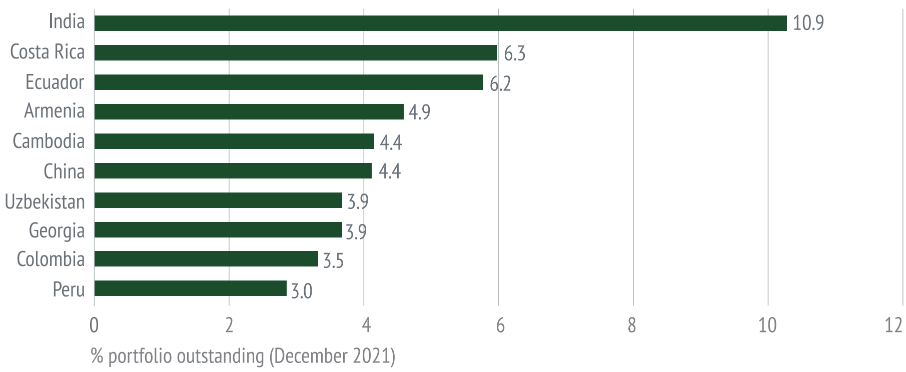


Figure 4

Top 10 countries of investment



2. SUSTAINABLE FINANCE

The first step in the threefold Symbiotics impact management approach is to assess investees' environmental, social and governance (ESG) practices through their proprietary rating methodology (see section I ESG RATINGS, page 8) and prevent them from investing in harmful sectors through the application of an exclusion list.

I ESG RATINGS

Symbiotics developed ESG ratings to assess the likelihood a financial institution will contribute positively to sustainable development and social impact. The firm has applied it systematically to all investment decisions since 2010. Symbiotics conducts the rating during the due diligence process for a financial institution pre-investment and on an annual basis afterwards. The rating methodology includes seven dimensions, consisting of 98 qualitative and quantitative indicators. All the indicators are compiled into a weighted aggregated score that grades the institutions from 0 stars (lowest) to 5 stars (highest). The seven dimensions of the rating are:

1. **Social governance:** looking at the social orientation of shareholders as well as the financial institution's stated and effective commitment to its social mission, its target market and development objectives/stakeholder needs.

2. **Labour climate**: assessing policies regarding social responsibility to staff, looking at human resources policy, systems to monitor employee satisfaction and staff turnover rate as a measure of staff satisfaction.

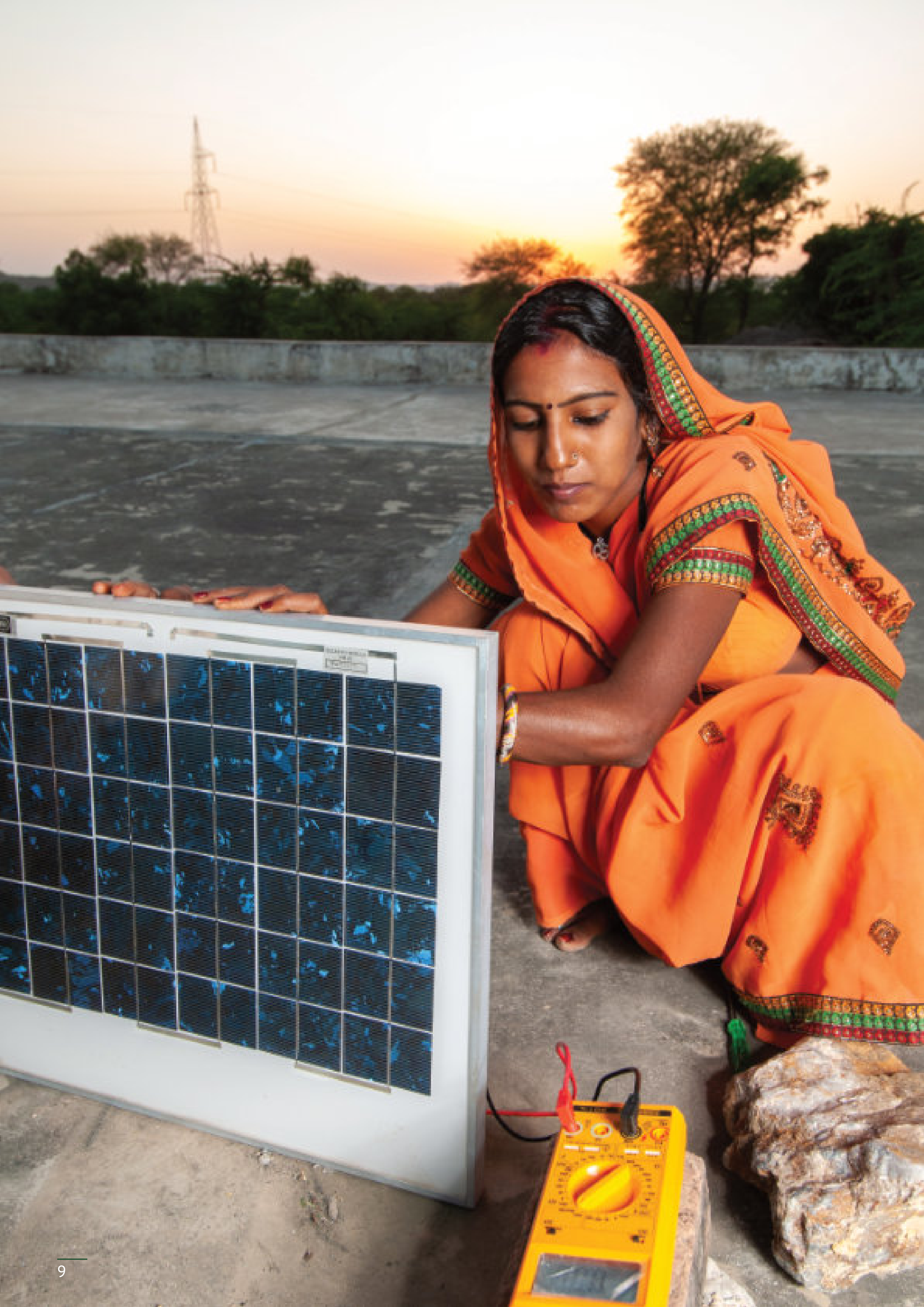
3. **Financial inclusion**: measuring whether the financial institution has an efficient and proactive strategy and good results in terms of financial inclusion, as well as its ability to serve low-income and excluded clients, especially those located in areas where no other financial services are provided.

4. **Client protection**: looking at whether end-clients of the fund's investees are treated in a fair and transparent way and if the negative impacts that affect them (notably over-indebtedness) are avoided as much as possible. These indicators are linked to the Smart Campaign for Client Protection in Microfinance.

5. **Product quality**: looking at a financial institution's marketing strategy and activities, as well as the diversity and quality of its financial and non-financial products and services.

6. **Community engagement**: assessing the steps that the financial institution takes to implement policies and actions aimed at supporting community development at large and the social impacts of such steps on the community.

7. **Environmental policy**: studying any policies and initiatives the financial institution has in place to mitigate environmental impacts, both of its internal activities and, above all, its financed enterprises.



Fourth Partner Energy (4PEL) is one of the many institutions that Symbiotics finances in India. The investment finances solar energy development in a vast market with fast-growing energy needs.

INSTITUTION: FOURTH PARTNER ENERGY (4PEL)

4PEL was created in 2010 with the goal of providing clean and affordable energy solutions to Indian companies, hence contributing to SDG 7 (Affordable and Clean Energy). It provides solar energy to its clients through the construction of small- and medium-scale solar systems, helping companies meet their energy needs while reducing their carbon footprint. India is one of the fastest-growing solar markets in the world. Solar solutions are competitive as they provide a cheaper alternative to conventional energy.

Demand is growing, especially from commercial and industrial (C&I) companies, which pay the highest electricity prices in India. In addition to C&I companies, 4PEL also serves public institutions (schools, universities, hospitals) and government agencies. The company provides two types of products: the Capex, where 4PEL builds customized solar solutions for the client under a service contract, and the Opex, where it owns the systems and sells energy to the client with power purchase agreements. To mitigate the risk, they focus on companies that have been operating for at least 15 years but still respond to demand from younger companies. 4PEL has employees in 11 cities, which enables quick deployment and site intervention.

Today, 4PEL is India's leading solar energy company. With over 150 private and public sector clients in 180 locations in India, the company contributes significantly to the global transition from fossil to sustainable energy.

II RESULTS

As of December 2021, the portfolio-weighted average ESG rating for the Symbiotics portfolio is 3.75 stars. Figure 6 shows the average scores by dimension. Overall, the institutions perform well in most dimensions. The highest scoring dimension is client protection (75%).

Environmental policy is the lowest scoring dimension, with a score of 34%. This dimension primarily measures whether an investee has an environmental policy in place, be it for its own operations or its lending activities. Symbiotics mostly invests in financial services providers in emerging markets, which seldom have advanced environmental policies.

Nevertheless, some institutions in the portfolio have been taking steps to improve their environmental performance. One example is Golomt Bank in Mongolia; the institution has a strong commitment to sustainable lending practices and is one of 38 banks globally to join the United Nations (UN) Principles for Responsible Banking to combat climate change. The institution is also a member of the UN Environment Programme's (UNEP) 'Collective Commitment on Climate Management'. And to further its commitment, it has increased its green loan portfolio from 1% of its gross loan portfolio (GLP) in 2018 to almost 6% in 2020.

Figure 5
Portfolio-weighted average ESG rating

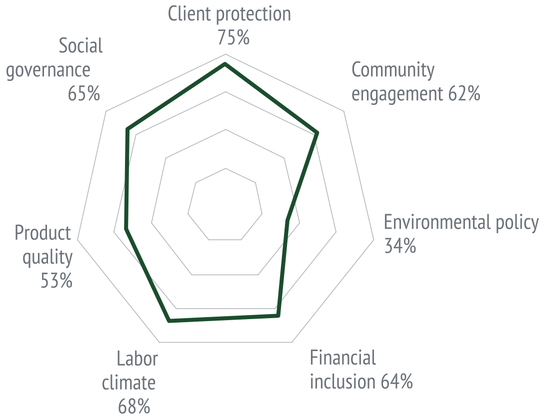


Figure 6
ESG ratings

3. IMPACT INVESTING

The second step in the threefold Symbiotics impact management approach is to positively address a range of global challenges, as currently illustrated by the SDGs. For each transaction, Symbiotics identifies the key SDG contribution based on the main areas of investment (Table 2).

The main SDGs addressed by the portfolio are SDG 1: No Poverty and SDG 8: Decent Work and Economic Growth.

The portfolio also targets investees that focus on specific themes, such as energy, agriculture, housing and education, thereby contributing to SDG 7: Affordable and Clean Energy, SDG 2: Zero Hunger, SDG 11: Sustainable Cities and Communities and SDG 4: Quality Education. For example:

› **EVN Finance** offers financial products to the energy sector with the mission to be a reliable enabler of Vietnam's power sector and its customers. More specifically, it allocates around 30% of the portfolio to renewable energy loans, contributing to SDG 7.
› **La Hipotecaria Colombia** is a housing finance company addressing SDG 11 by helping lower the housing deficit in Colombia. It does so by targeting low- to middle-income families while ensuring strong client protection with transparent terms and conditions and a process to prevent over-indebtedness.
› **Laudex** is a Mexican financial institution that specializes in providing loans to students pursuing higher education. The company's mission is to provide young people with access to quality education, regardless of their economic situation.

Table 2
Symbiotics contribution to SDGs

Theme	SUSTAINABLE DEVELOPMENT GOALS	How does the fund contribute?	% total portfolio outstanding
Small business finance	8 DECENT WORK AND ECONOMIC GROWTH	Strengthening the capacity of domestic financial institutions to expand access to banking and financial services for all. Encouraging the growth of SMEs.	37%
Microfinance	1 NO POVERTY	Ensuring that low-income individuals have access to financial services, including microfinance and savings products.	37%
Microfinance	5 GENDER EQUALITY	Providing women with equal access to economic resources and opportunities.	16%
Climate and energy	7 AFFORDABLE AND CLEAN ENERGY	Ensuring universal access to affordable, reliable and modern energy services.	4%
Food and agriculture	2 ZERO HUNGER	Providing small-scale food producers access to productive resources through financial services and products.	3%
Housing and infrastructure	11 SUSTAINABLE CITIES AND COMMUNITIES	Ensuring access to adequate, safe and affordable housing and basic services.	2%
Healthcare and education	4 QUALITY EDUCATION	Ensuring equal access for all women and men to affordable and quality education.	1%

4. INCLUSIVE FINANCE

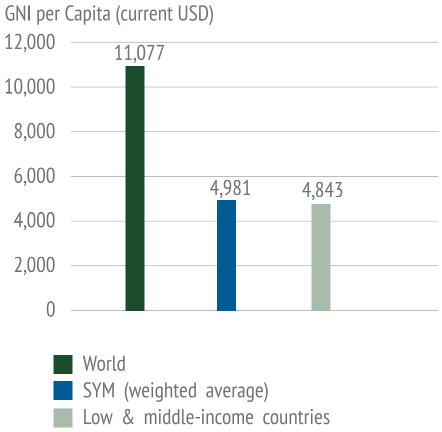
The third and final step in the Symbiotics impact management approach is to assess how investments contribute to inclusive growth for the benefit of low- and middle-income households and MSMEs. To do so, Symbiotics measures the social outreach of the fund at the level of the markets, investees and end-borrowers. Symbiotics also highlights the fund's contribution to the SDGs through the investees' financial services.

MARKET OUTREACH

Symbiotics invests its portfolio largely in low- and middle-income countries.[vi] The firm invests 47% of the portfolio in lower-middle-income countries, 44% in upper-middle-income countries and 2% in low-income countries. Overall, the gross national income (GNI) per capita in these countries (USD 4,981) is considerably lower than the world average (USD 11,077) and similar to low- and middle-income economies (USD 4,843).

Figure 7

GNI per capita (current USD)



Furthermore, 16 out of the 76 investee countries are categorized as Least Developed Countries (LDCs).[vii] This categorization considers a country's per capita income, 'human assets' and 'economic vulnerability'.[viii] Investments in LDCs account for almost 10% of the total outstanding portfolio as of December 2021.

Symbiotics invests in countries where 58.6% of the adult population has a bank account at a financial institution, which is lower than the world average of 76.2%.[x] Thus, Symbiotics facilitates the provision of financial services in countries where access to these services is less common than it is worldwide.

Table 3

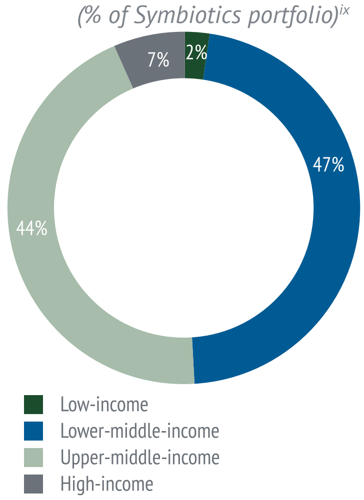
Banking penetration

Percentage of adults with a bank account (2021)	
Portfolio-weighted average	World
58.6%	76.2%

Figure 8

Income levels

(% of Symbiotics portfolio)[ix]



The story of three Sri Lankan entrepreneurs is an inspiring example of SME growth financed by a portfolio institution, in this case Pan Asia Bank. This type of loan supports the achieving of SDG 8 while having positive side benefits for the climate and agriculture, thanks to permaculture practices.

REVIVING PERMACULTURE IN SRI LANKA

In early 2020, three young entrepreneurs joined forces to revive permaculture in Sri Lanka, launching Inspirante Private Limited. They started by growing and exporting habanero chilis but soon realized that they generated a lot of waste in the process. Since they aimed to be a sustainable agricultural producer, they explored ways to reduce their waste and water consumption. They started by focusing on composting, so they bought the necessary equipment to compost their waste and to produce a worm compost and a soil conditioner made of rice husk biochar. They applied for the Sri Lanka Quality Standard certification and they hope to be the first company of their kind to receive it. In the future, they would like to sell the surplus compost to the government and contribute to the country's transition to a greener economy with no chemical fertilizers.

Inspirante has ambitious plans to grow and diversify the business. The company received a Green Loan of LKR 38 million (USD 192,000) from Pan Asia Bank in April 2020, which it used to buy 18.5 acres of land in the Badulla district. It is using this land to cultivate tropical fruits, ginger, turmeric and vanilla, as well as for beekeeping. Today, Inspirante employs 10 people and is planning to recruit another two employees and four experts in tissue culture and microbiology. It is planning to establish a plant nursery and open a training school in permaculture. Ultimately, the aim is to offer diplomas in permaculture, indigenous sustainable agriculture practices, and environmental conservation. The company's long-term plans include generating power from solar panels and erecting wind turbines after studying wind patterns in the area. The whole system will be self-sufficient and will contribute immensely to minimizing its carbon footprint.

KCB Kenya is a typical example of an institution serving clients in a lower-middle-income country, where the GNI per capita (USD 2,010) is well below the average of low- and middle-income economies (USD 4,843).

INSTITUTION: KCB KENYA

KCB Bank Kenya Limited (KCBK), founded in 1896, is one of the oldest commercial banks in Africa and it is currently the largest bank in Kenya. The bank provides a full range of banking and financial services, mainly to corporate (52% of the loan portfolio), consumer (40%) and SME (8%) clients. KCBK has 300 branches, more than 13,000 points of sale and wide access to mobile banking and internet banking services.

The bank is owned by KCB Group Plc, a holding company listed on the Nairobi Securities Exchange. The group oversees KCBK and the regional subsidiaries in Burundi, Ethiopia, Rwanda, South Sudan, Tanzania and Uganda. KCBK is the key subsidiary of the group as it contributes to 77% of the group's total assets.

The bank has specific green lending products and is expected to grow its green portfolio from 2% to 6% by 2025. It also plans to double its SME lending within five years. KCBK has developed strong digital financial services, with 98% of transactions performed outside the branch (mobile, agency, internet, ATM).

The Environmental and Social Management System (ESMS) developed by the bank includes an E&S Policy as well as due diligence procedures, monitoring and reporting. It regularly provides training on E&S risk management to employees. In 2019, the bank joined the Principles for Responsible Banking, which require it to develop a climate strategy to align its portfolio with the Paris Agreement. As a result, KCBK joined the Platform for Carbon Accounting Financials (PCAF) to evaluate the carbon footprint of its lending portfolio. It also implemented an internal program to reduce its carbon footprint, with a commitment to become a carbon-neutral bank by 2028. KCBK received various awards in 2019, including Best CSR initiative and Best Digital Strategy.

II INVESTEE OUTREACH

Symbiotics invests in a diverse range of financial institutions, reaching different segments of the financially excluded population in emerging and frontier markets.

The largest proportion of the portfolio by volume (59%) is in medium-sized institutions with total assets between USD 100 million and USD 1 billion.

III END-CLIENT OUTREACH

In 2021, Symbiotics financed nearly 2 million end-clients. The portfolio primarily served end-clients through individual loans (83%) in urban areas (57%). It financed a similar number of women and men (47% and 45% respectively), with the remaining clients being legal entities (7%) (Figure 11).

According to the 2021 Global Findex database, 74% of men but only 68% of women in developing countries have an account at a financial institution, indicating a gender gap of 6 percentage points.[xi] Given this gap, the World Bank has clearly stated that any efforts to increase account ownership in a given country must prioritize financial inclusion for women.[xii] By financing intermediaries with a strong focus on lending to women clients and enabling women through training and other non-financial services, Symbiotics is contributing to bridging the gender divide in financial inclusion.

The rural-urban gap in financial inclusion is also well-documented in emerging markets, with urban residents being more likely to have an account at a financial institution.[xiii] Even though the size of the gap globally is difficult to estimate, the fund has clearly contributed to providing access to financial services for rural and urban clients alike, with 43% of end-clients being based in rural areas.

Figure 9
Size of financial institutions
(% of Symbiotics portfolio)

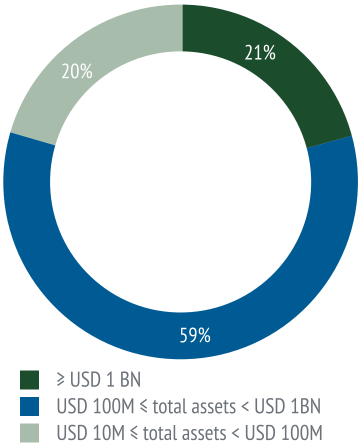


Figure 10
Client location
(% of headcount)

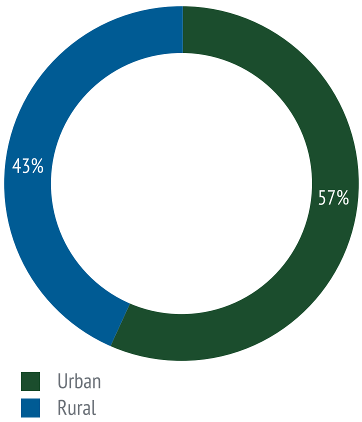


Figure 11
Client gender
(% of headcount)

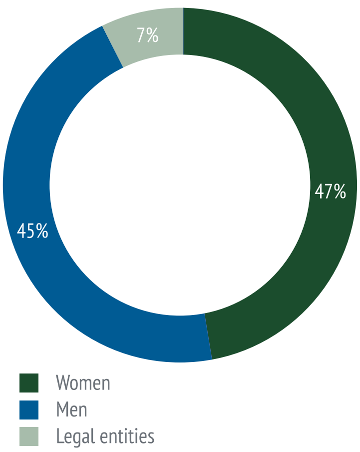
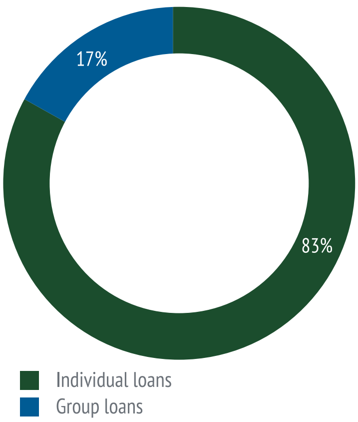


Figure 12
Credit methodology
(% of headcount)



Diaconia is an example of an institution that supports vulnerable populations in rural and urban areas. The Bolivia-based institution expands access to financial services among the local population thanks to its diverse range of non-credit products.

INSTITUTION: DIACONIA

Diaconia was created in 1997 with the mission of contributing to improving the socio-economic conditions of its Bolivian customers. The institution pursues this goal by facilitating access to financial products and services to vulnerable populations in rural and urban areas.

Diaconia has a strong social commitment reflected through the variety of products offered: flexible loans, diversified repayment channels and new digital platforms. The institution also offers financial literacy courses to its customers. In terms of environmental measures, Diaconia has developed, with the Inter-American Development Bank (IDB), a loan to finance gas installation in homes to reduce the use of kerosene. In addition, the institution created a facility to assist agro-clients suffering from climate change effects (irrigation, alternative seeds, etc.).

COVID-19

At the onset of the COVID-19 pandemic, the Bolivian government imposed strict measures to halt its propagation, including restrictions on mobility, social distancing and the closing of non-essential businesses. However, the country's regulations require most financial transactions to be carried out in person. This led to the re-opening of financial institutions to continue serving clients' needs and the easing of access to the government's financial aid for affected populations.

Saule Razakhova is an excellent example of a woman entrepreneur using the loan she received to change her professional activity and increase her income. She has succeeded in doing so and can now provide for her family.

WOMAN ENTREPRENEUR DETERMINED TO INCREASE HER REVENUE

Saule Razakhova is a 49-year-old entrepreneur from Temirtau city. She is divorced and has two grown children – a son of 23 and a daughter of 25. Before starting her business, she worked as a librarian. Due to the difficult economic circumstances (unemployment, low wages) in Kazakhstan, she decided to start her own business selling children's clothes in 1999. She travelled to Turkey, China and other countries to find quality goods for an affordable price. She had a small shop in the Temirtau bazaar for almost 15 years.

Saule requested financial support from KMF in 2018, after having the idea to move her business to a shopping center and expand the variety of goods sold. She received a first loan of KZT 1M (USD 2,300). In 2021, she asked KMF for a second loan and received KZT 1.5 million (USD 3,500). As a result, she was able to change her business orientation from kids' clothes to women's clothes and bags.

Saule describes her business as cyclic, with lower sales in January, February and July. Despite the ups and downs, she does not regret leaving her job and starting her business as she can better support her family and pay for her children’s education. The COVID-19 pandemic has affected people’s purchasing power: they now tend to buy more affordable goods. Despite this situation, she is optimistic about the future and plans to keep expanding her business.

Figure 13

Financial security – non-credit product offering

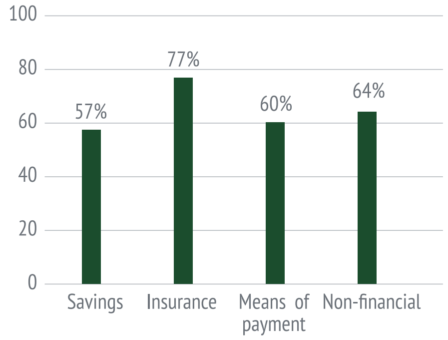


Figure 14

Client activity (% of headcount)

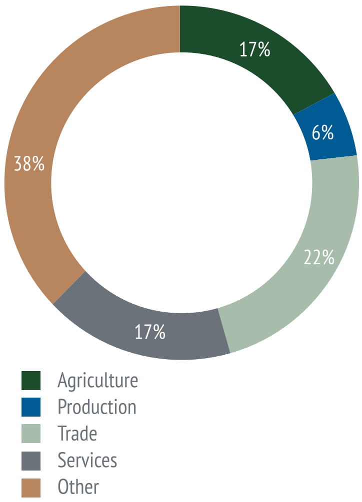
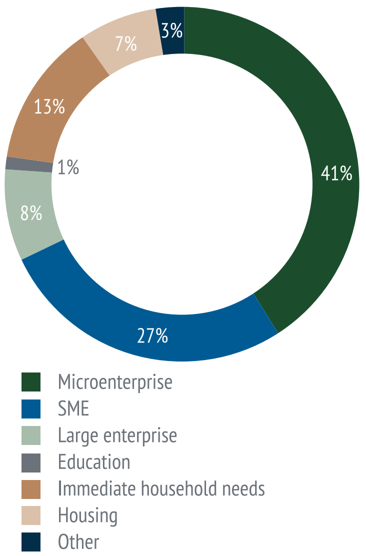


Figure 15

Product offering (% of weighted portfolio)



FINANCIAL SECURITY

The availability of non-credit products such as savings, insurance, payment and non-financial products (such as education and training) helps clients better manage their cash flows and deal with external shocks. As such, information on investees' non-credit product offer demonstrates how the fund contributes to its target clientele's financial security.

Of all the investees, 57% offer savings services, 77% offer insurance products, 60% offer payment services, and 64% offer other non-financial services. Overall, 95% of investees offer one or more of these non-credit products to their clients.

SECTORS OF ACTIVITY

The end-clients financed by Symbiotics investees work in small trading businesses (22%), service activities (17%), agriculture (17%), production (6%) and other types of activities (38%), including transportation, construction, housing and renewable energy.

PRODUCT OFFERING

MSME finance makes up the largest proportion of the product offering (68%). A significant share also goes towards household consumption in the form of loans for immediate household needs (13%), housing (7%) and education (1%). These products collectively contribute to raising end-clients' living standards. Small loans to microentrepreneurs also often contribute to indirectly increasing household consumption when they are able to maintain a successful business.

EMPLOYMENT AND ENTREPRENEURSHIP

MSME finance offered through Symbiotics contributes to bridging the large financing gap that MSMEs face in emerging and frontier markets. By doing so, the fund contributes to job creation and economic growth in these markets.

Assuming that each microenterprise employs two workers, and that each SME employs nine workers, we estimate that the fund is supporting over 3.7 million jobs through more than 1.7 million MSMEs as of December 2021.

La Hipotecaria provides loans to people who want to become landowners in Panama, with a very efficient application process. La Hipotecaria is a typical example of an institution in the portfolio that offers housing products.

A DREAM COME TRUE, OWNING A HOUSE IN PANAMA

Arlenis Gómez is a 36-year-old employee working at a store selling pet food and medicine. She lives in Pacora, close to Panama City, with her 20-year-old daughter. Arlenis started studying economics at the National University and then went to the University of the Isthmus, where she got a bachelor's degree in accounting. She was only 15 when her daughter was born and she still managed to finish her studies.

"I feel blessed to have my own house and will never forget my daughter's face when I brought her there."

Arlenis dreamed of having her own house. She applied to several banks but was never successful due to her history with the APC (Panamanian Credit Association), namely an old unpaid credit card debt. After a long process, she eventually managed to clear her records with the APC. She then saw an advertisement on social media for a house in Pacora and contacted the promoter who suggested two banks. La Hipotecaria was the first one to get back to Arlenis. She started the paperwork in June 2020, during the pandemic, and got the keys in December of that year. Arlenis is very satisfied with the bank's services as she could do everything online and the process was very efficient. She took out a USD 46,000 mortgage for the house, with a maturity of 30 years and a biweekly payment of USD 97. She also took out a 6-year loan to cover the down payment on the house.

COVID-19 hasn't affected Arlenis economically as people bought pet food reserves at the pet shop, leading to rising sales. Arlenis even benefited from a salary increase from USD 650 to USD 850.

60 DECIBELS MICROFINANCE INDEX

60_decibels

The 60 Decibels Microfinance Index (MFI index) is an industry-wide initiative launched by 60 Decibels[xiv] to collect comparable client-level impact performance data in microfinance. Symbiotics is one of the founding partners of this initiative, together with over 20 stakeholders in the microfinance industry.

The index gathers data from about 18,000 randomly selected microfinance borrowers who are clients of over 70 microfinance institutions in 41 countries. The survey consists of 37 questions, including both quantitative and qualitative indicators developed through a collaborative process.

The index provides insights along five main dimensions:

- **Access** measures whether institutions are serving people who are underserved.
- **Business impact** measures how microfinance loans affect borrowers' ability to earn an income from their business and create jobs.
- **Household impact** measures the impact of loans on borrowers' quality of life and their ability to meet their household needs and achieve their financial goals.
- **Financial management** measures whether borrowers understand the institution's loan conditions and the impact the loan has on their ability to manage their finances.
- **Resilience** measures the degree to which borrowers are financially prepared to overcome an economic shock and whether they have to make sacrifices to repay the loans.

As one of the founding partners, Symbiotics co-financed the data collection from the clients of 18 investees. The following analysis is based on the data from these investees, with over 4,400 end-clients interviewed between December 2021 and May 2022. We have summarized the responses of these end-clients, analyzing how they were impacted by the microloans in terms of the five dimensions mentioned above.[xv] Five of the institutions in the Symbiotics portfolio were ranked as top performers.

The calculation of the benchmarks mentioned throughout this section uses data from the customer responses of 72 institutions. These benchmarks allow for performance comparability between Symbiotics investees and similar MFIs around the world.[xvi]

SAMPLE DESCRIPTION

The following results present aggregated data from the end-clients of 18 Symbiotics investees. Of the 4,480 end-clients, 61% are women and 65% live in rural areas, with an average age of 42 years.

Table 4
Sample composition

Region	No. of institutions	No. of respondents
Eastern Europe, Central Asia & MENA	3	745
Latin America & the Caribbean	4	896
South & East Asia	3	753
Sub-Saharan Africa	8	2,086
Total from Symbiotics portfolio	18	4,480
60 dB Microfinance Index		17,956

II PERFORMANCE SNAPSHOT

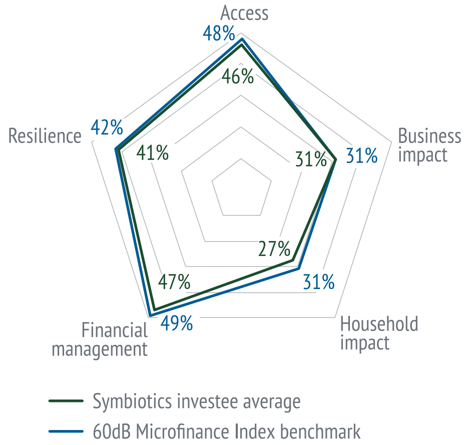
The performance of Symbiotics investees is in line with the 60 Decibels benchmark in most dimensions. We calculated the averages considering the proportion of its portfolio in each region.

Most of the end-clients interviewed are using their loans for business purposes, **either to finance an existing business (57%) or to start a new business (14%).** Home improvements (19%), education (13%), household expenses (11%) and emergency spending (8%) are among the non-business purposes to which customers are allocating their loans.

Table 5
Symbiotics key results

ACCESS	53% without access to good loan alternatives	61% woman do not have access to a good alternative (vs. 55% men)
BUSINESS IMPACT	57% had a business income increase thanks to loan	10% increased their number of employees
HOUSEHOLD IMPACT	82% reported improvement in quality of life	62% improved their ability to achieve their financial goals
FINANCIAL MANAGEMENT	71% strongly agreed that they understand the terms of the loan	8% perceive loan repayment as a heavy burden
RESILIENCE	16% reduced food consumption to make loan repayment	57% improved their ability to face a major unexpected expense

Figure 16
Symbiotics performance comparison to benchmarks



III ACCESS

Table 6
Comparison of 'access' to the Microfinance Index benchmark

Indicator	Microfinance Index benchmark results	Weighted-average results of Symbiotics investees
% accessing for the first time	58%	54%
% without access to good alternative	58%	53%

We find that, on average, **MFIs in this sample are mostly serving end-clients who were previously underserved**. **More than half of respondents** indicated this is **the first time they were able to access the type of loans** offered by their MFI (Figure 17). Sub-Saharan Africa was the region with the highest proportion of borrowers (69%) saying they did not have access to similar financial services before. It indicates that this region has less access to financing than others. These results are in line with data from the 2021 Global Findex, which show that adults in sub-Saharan Africa are less likely to have access to financial services than people in other regions.

In addition, **more than half of respondents in the sample could not find a good alternative to the services offered by the institutions**, demonstrating that these MFIs are reaching out to people who otherwise do not have access to services suitable to their needs.

Women were more likely to report that they could not easily get access to a good alternative (61% vs 55% for men). This is more prominent for women from South & East Asia (73%) and sub-Saharan Africa (64%). This observation confirms that limited access to financing disproportionately affects women (Figure 18).

Figure 17
Access to loans (Did you have access to a loan like the one offered by your microfinance institution? n=4,480)

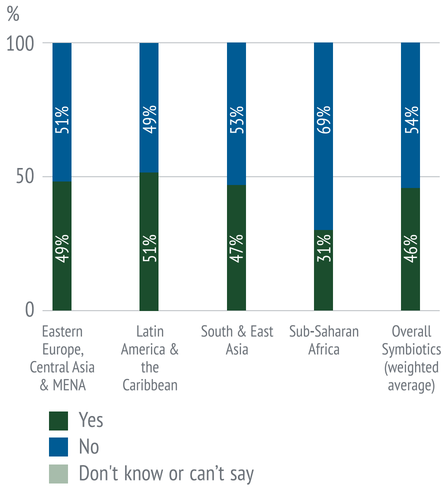
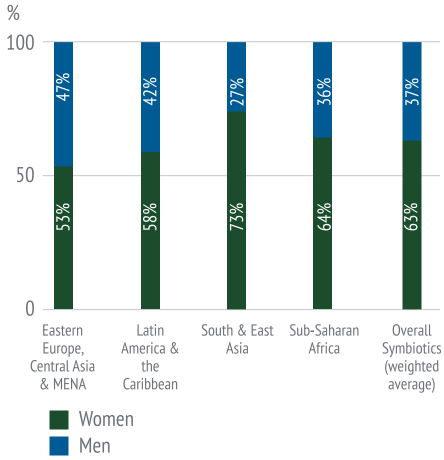
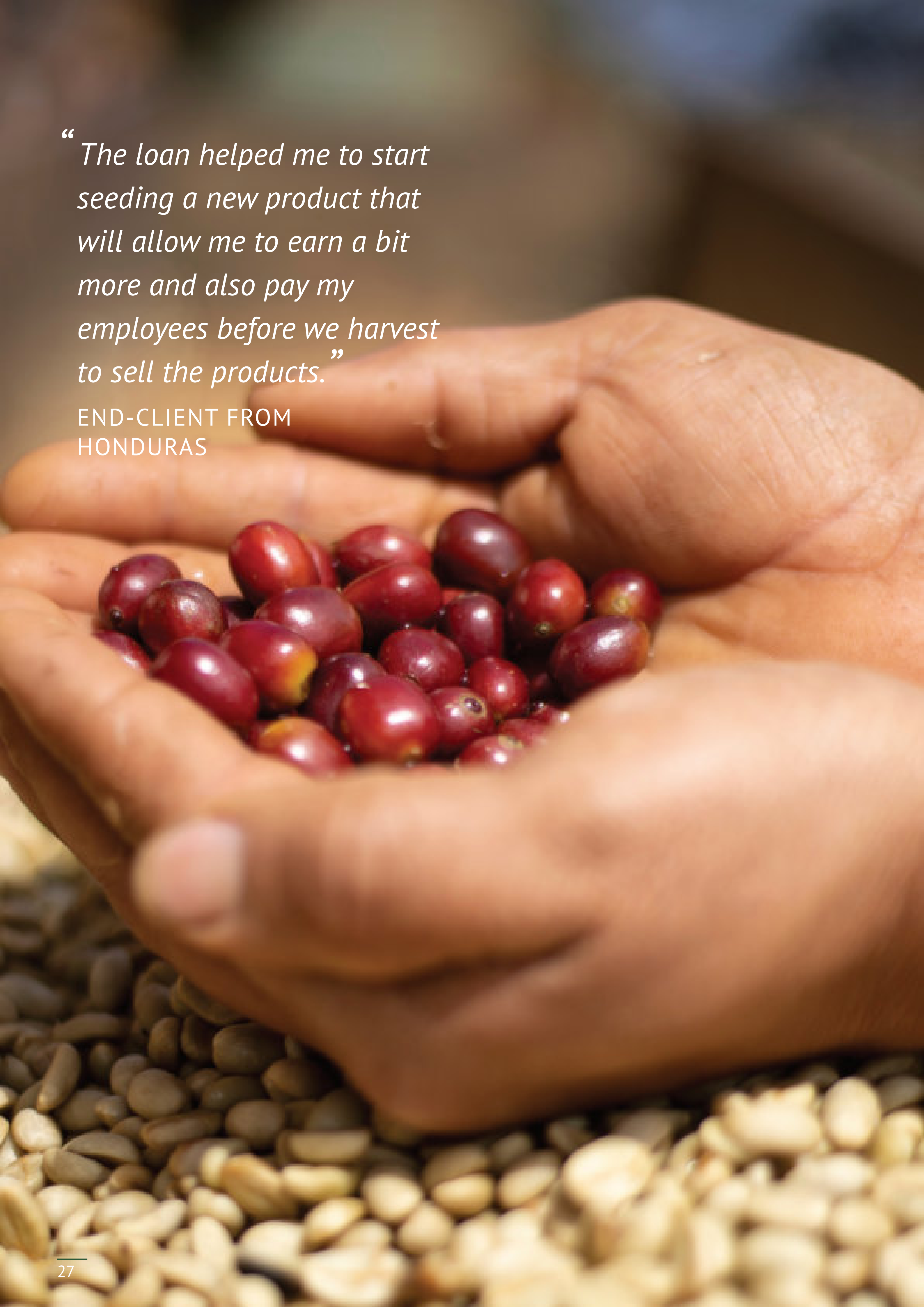


Figure 18
Alternatives to finance by region and gender (% of clients reporting 'no' access to alternatives, total and by region n=2,313)





"The loan helped me to start seeding a new product that will allow me to earn a bit more and also pay my employees before we harvest to sell the products."

END-CLIENT FROM HONDURAS

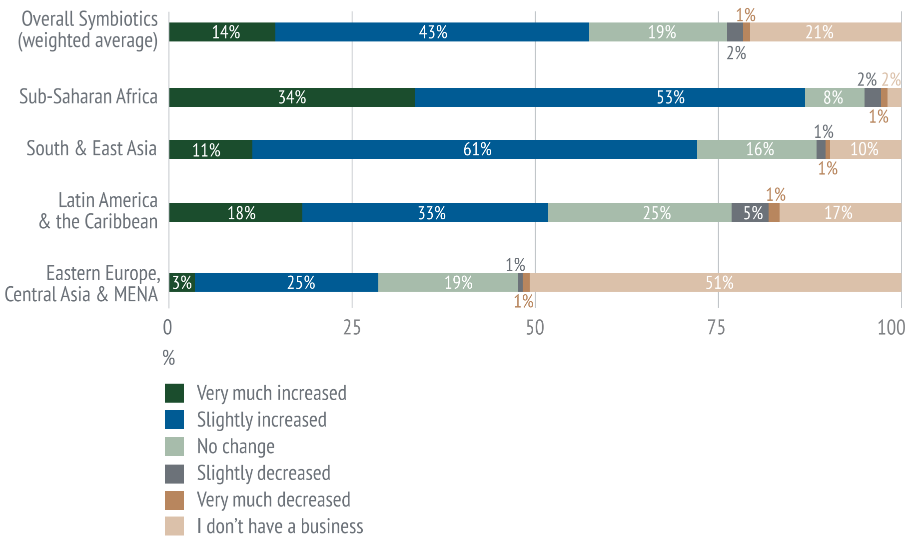
IV BUSINESS IMPACT

Table 7
Comparison of 'business impact' to the Microfinance Index benchmark

Indicator	Microfinance Index benchmark	Weighted-average results of Symbiotics investees
% seeing 'very much increased' improvement in income	24%	14%
% increasing no. of paid employees	13%	10%

Three out of five respondents indicated that their **business income increased because of the loan they took from the MFI**. It may be a small increase since 43% report that it 'slightly' increased whereas only 14% reported that their income increased "very much" (Figure 19). Only 3% of respondents indicated that their income decreased because of the loan. Overall, these results suggest that access to finance is supporting microenterprises to increase their business income, primarily by allowing them to invest in their business. The largest impact of loans on business income is in sub-Saharan Africa, with 34% of respondents saying that it increased 'very much', whereas the impact is the smallest in Eastern Europe, Central Asia & MENA (3%).

Figure 19
Change in business income (Has the money you earn from your business changed because of the MFI? n=4,478)



Only 10% of respondents indicated that their number of employees increased because of the loan, whereas 1% reported a decrease in their number of employees (Figure 20). However, 67% of respondents reported that they do not have any paid employees (this does not include family members). End-borrowers in the sample from sub-Saharan Africa had the highest proportion of customers indicating an increase in employees (24%), while Eastern Europe, Central Asia & MENA had the lowest since they were also the largest share indicating not having a business. Among those who do have employees, the number of employees ranged from 1 to 60 employees, with the majority of borrowers having only one to four employees.

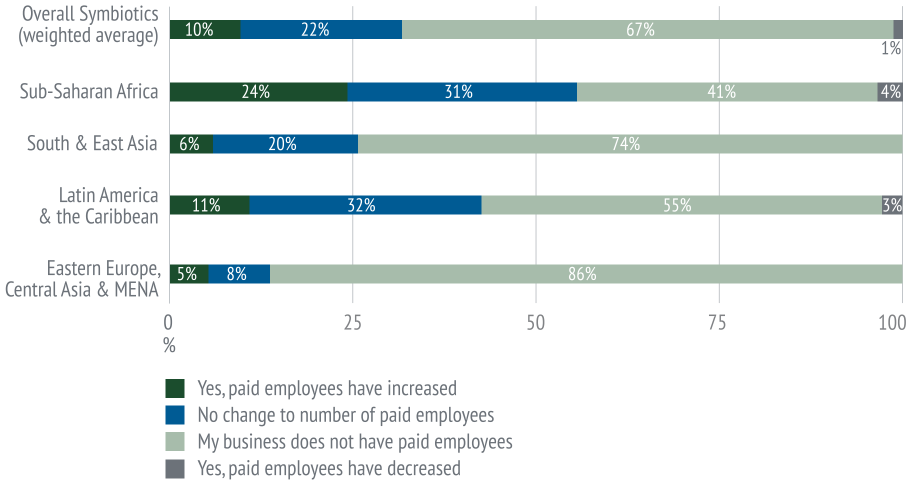


Figure 20
Employment change (Has your number of paid employees working for your business changed because of the MFI? n=3,843)

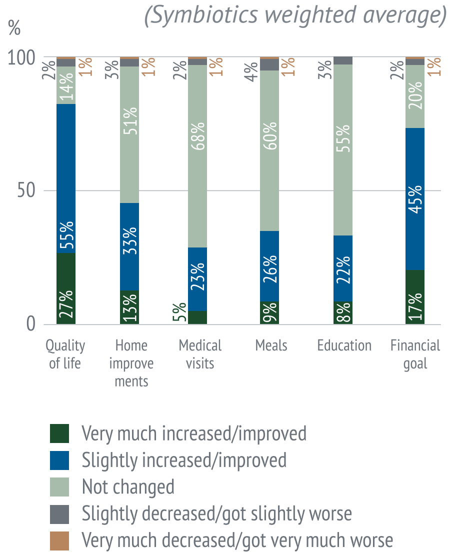
V HOUSEHOLD IMPACT

The household impact dimension asked respondents about the impact of loans on several aspects of household well-being. On average, the institutions from the sample scored slightly lower when compared to the benchmark (Table 8).

Table 8
Comparison of 'household impact' to the Microfinance Index benchmark

Indicator	Microfinance Index benchmark	Average score of Symbiotics investees
% 'very much improved' quality of life	35%	27%
% 'very much increased' household spending on home improvement	16%	13%
% 'very much increased' household spending on healthcare	9%	5%
% 'very much increased' number of quality meals	14%	9%
% 'very much increased' household spending on education	13%	8%
% 'very much improved' ability to achieve financial goal	27%	17%

Figure 21
Household impact
(Symbiotics weighted average)



We see the most significant improvement in overall quality of life, as **82% of respondents reported an improvement** because of the services they receive from the MFI. Sub-Saharan Africa and Latin America & the Caribbean were the two regions reporting the highest proportion of customers indicating 'very much improved' quality of life, 44% and 32%, respectively.

Respondents indicating an increase in income thanks to the loan are more likely to indicate an improvement in all indicators of household impact, e.g., increasing the number of quality meals. This could suggest a spillover effect of the loan on different aspects of the end-borrower's life.

Some 62% of borrowers also mentioned that their ability to achieve their financial goals (e.g., increasing their savings or income, investing in their business) improved because of the MFI (Figure 21). In terms of spending on various household needs, between 28% to 46% of borrowers said they could spend more on food, education, home improvements or medical visits, though in most cases, a majority said that their spending on these items had not changed (Figure 21).

VI FINANCIAL MANAGEMENT

Despite the potential benefits linked to microfinance, credit offered to low-income borrowers comes with a risk of over-indebtedness. Symbiotics emphasizes the importance of client protection in its ESG rating methodology and systematically assesses the lending practices of all current and prospective investees. Through the Microfinance Index, Symbiotics listens directly to end-borrowers to understand their borrowing situation.

Table 9
Comparison of 'financial management' to the Microfinance Index benchmark

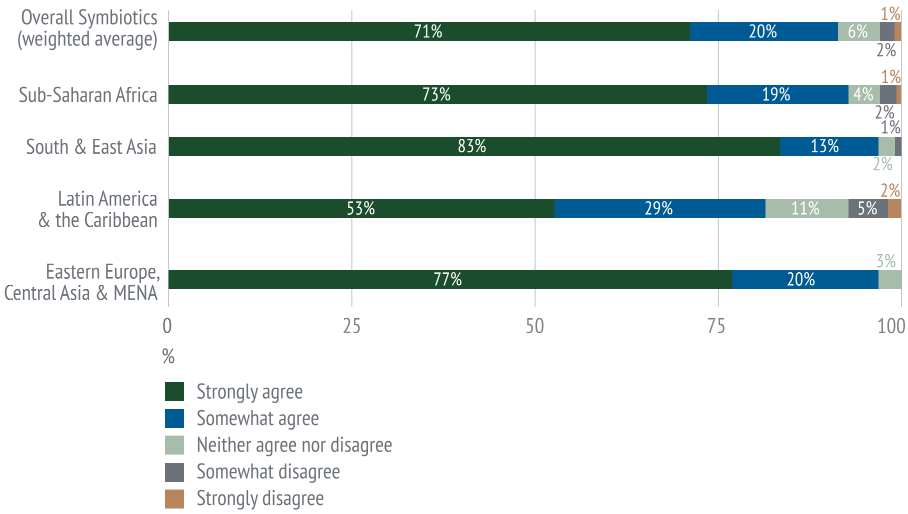
Indicator	Microfinance Index benchmark	Average score of Symbiotics investees
% 'strongly agree' to understanding terms	66%	71%
% 'very much improved/decreased' financial stress	18%	15%
% 'very much improved' ability to manage finances	22%	13%
% indicating payments 'not a problem'	70%	62%

"The difficulty is the time of payment, which is very short for me as a merchant. It is a real challenge for me."

END-CLIENT FROM BURKINA FASO

Some **71% of end-borrowers strongly agreed** that they **understand all the terms and conditions** of the MFI loan, **whereas only 3% disagreed** (Figure 22). While this indicates that the 18 institutions are providing clear and relevant information to their end-borrowers overall, 20% of end-borrowers indicated that they 'somewhat' understand the terms and conditions, which means institutions can further their efforts in this aspect. Overall, Symbiotics investees performed better on this indicator compared to the benchmark, particularly institutions in South & East Asia. While Symbiotics investees in Latin America underperformed on this indicator, the results are in line with the top performing MFI in the region, for which 57% of respondents indicate they 'strongly agree' they understand the terms and conditions of the loan.

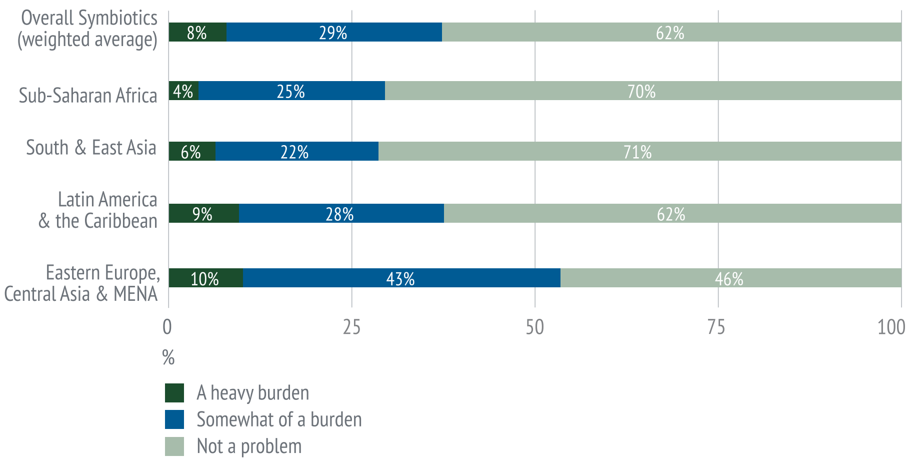
Figure 22
Extent of loan understanding (To what extent do you agree with the following statement: 'I understand all of the terms and conditions of the MFI loan, including payments and penalties.' n=4,480)



In terms of lending methodology, clients that take group loans are more likely to 'strongly agree' to understanding the terms and conditions of the loan.

Furthermore, **62% of end-borrowers do not perceive their loan repayments as a burden** (Figure 23), whereas about a third do perceive them as a burden, with **8% finding them a heavy burden**. While this is not a very high proportion, it suggests that

Figure 23
Loan repayment burden (Thinking about the loan's borrowing repayment, are they a heavy burden, somewhat of a burden, or not a problem? n=4,480)



there is room for improvement in assessing borrowers' repayment capacity, adjusting the loan terms accordingly and potentially rescheduling payments.

Some 65% of all respondents report an enhanced ability to manage their finances and almost 45% of end-borrowers indicate a decrease in stress levels relating to their finances because of the services they receive from the MFI, suggesting an overall improvement in financial management.

VII RESILIENCE

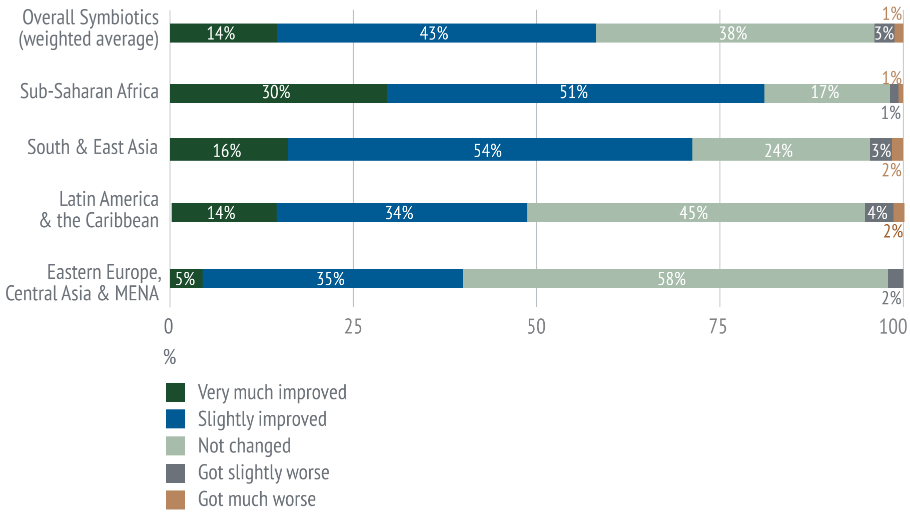
During the COVID-19 pandemic, millions of households fell into poverty due to the financial consequences. One of the outcomes that microfinance aims to achieve is financial resilience so that low-income households can cope with shocks and smooth their consumption. Therefore, in the final dimension of the Microfinance Index, we analyze whether borrowers are prepared to deal with a shock, how microfinance has affected their savings and if they need to make any sacrifices to repay their loans. Institutions in the sample **perform very well on all indicators** measuring financial management.

Table 10
Comparison of 'resilience' to the Microfinance Index benchmark

Indicator	Microfinance Index benchmark	Average score of Symbiotics investees
% 'very much increased' savings balance	18%	9%
% 'very much improved' resilience thanks to company	20%	14%
% who 'never' cut food consumption to make payments	72%	71%

Considering 12 out of the 18 institutions offer savings services, it is not a surprise that **more than half of end-borrowers indicate an increase in savings** because of the services they receive from the MFI. Moreover, when borrowers are asked about how easy or difficult it would be for them to come up with enough money (1/20 of the respective GNI per capita, as suggested by the Global Findex) to face an emergency within the next month, only about a third said that it would be easy. This suggests that borrowers are still relatively vulnerable. However, 57% of respondents indicated that their ability to face this major expense has improved thanks to the financial services provided by the MFI, demonstrating that the MFIs have been able to act as a source of emergency loans for clients when they need it (Figure 24).

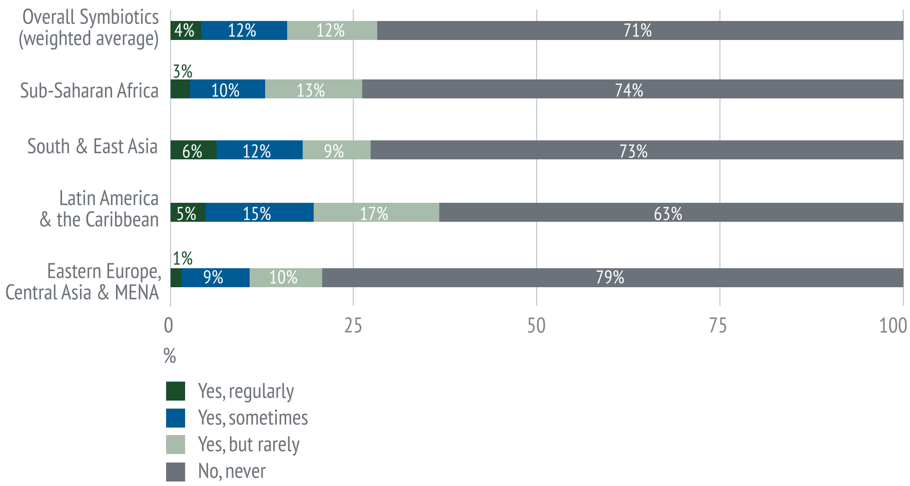
Figure 24
Change in ability to face major expense (Has your ability to face this major expense changed because of MFI? n=4,412)



Finally, when asked if they had to reduce their household's food consumption to make loan repayments, **71% of borrowers mentioned that they never had to do so** and 12% only rarely did this, whereas the remaining **16% resorted to reducing their consumption** (Figure 25). Reducing food consumption for loan repayments demonstrates the risks of over-indebtedness and the importance of appropriate lending terms to support microfinance borrowers.

These findings suggest that microfinance can support borrowers to increase their resilience but that borrowers remain vulnerable and need further support to face shocks.

Figure 25
Reducing food consumption (Do you have to reduce your households' consumption of food to make repayments where you didn't have to before? n=4,277)



CAPACITY BUILDING

I KEY INDICATORS ON TECHNICAL ASSISTANCE PROJECTS

Through the Symbiotics Association for Sustainable Development, Symbiotics finances technical assistance projects (TAP) that reinforce financial institutions in emerging markets. TAPs support investees in several areas, including governance, product development, sustainability, social performance, digital financial services, green lending and agriculture finance. In 2021, Symbiotics had nine active projects with a value of USD 1.48 million. Out of the nine TAPs, four were completed during the year and five were still ongoing as of 31 December. Symbiotics implemented most TAPs in African countries.

A recurring theme in projects is the digitalization of financial services. Process digitalization provides important benefits at micro and macro levels, such as increasing access to finance for rural clients with projects such as the Digital Rural Finance Initiative. Other projects include support to launch new financial products and training programs with the aim to enhance institutional capacity. Symbiotics also deployed some technical assistance funds in the wake of the lockdowns stemming from the COVID-19 pandemic to provide immediate assistance to financial institutions, with a focus on digital channels and digital financial services, which contributed to securing business continuity.

Table 11
Technical assistance

€1.48 million	12	9
TOTAL VALUE	COUNTRIES in sub-Saharan Africa and Latin America	TA PROJECTS

SUSTAINABILITY, SOCIAL AND GREEN BOND FRAMEWORK

In 2019, Symbiotics developed its Sustainable Bond Framework for the issuance of sustainability, green and social bonds. The framework has been drafted in accordance with the International Capital Market Association's Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. The bonds are also subject to Symbiotics origination criteria, including its exclusion list and ESG rating.[xvii]

Every bond issued under this framework is designated as either a sustainability, social or green bond and complies with the following four criteria.

CRITERIA 1: USE OF PROCEEDS

Each underlying loan that this framework applies to has a use of proceeds provision to ensure that the borrower uses the proceeds solely to (re)finance eligible projects. Eligible projects can be:

- Green projects: such as renewable energy, energy efficiency and clean transportation;
- Social projects: those that address or mitigate a specific social issue and/or seek to achieve positive social outcomes, in categories such as affordable basic infrastructure and access to essential services;
- Sustainability projects: those falling within eligible green and/or social projects.

A standard exclusion list also applies to sustainability, social or green bonds similar to that applied for all Symbiotics investments.

CRITERIA 2: CRITERIA AND PROCESS FOR EVALUATION AND SELECTION

Symbiotics formed a Sustainable Bond Committee that is responsible for approving the selection of the borrowers and the criteria of eligible projects. For each borrower, Symbiotics prepares its ESG rating, which it updates on a regular basis. Furthermore, where indicated in the terms and conditions of a sustainable bond, Symbiotics may be required to apply additional filters in relation to the origination of an underlying loan.

CRITERIA 3: MANAGEMENT OF PROCEEDS

The management of proceeds requires that a funding instrument be tracked within the issuing organization. It means that each borrower is required to hold the proceeds of the underlying loan in a sub-account or to track the funds in its internal systems. Moreover, borrowers must declare how they manage unallocated funds.

CRITERIA 4: REPORTING

A sustainability, social or green bond use of proceeds report is issued annually for each bond. The report contains details of:

- Allocation of funds by eligible project category
- The amount of unallocated cash or cash equivalents
- If available, a breakdown of the countries where the funds have been deployed

To the extent possible, Symbiotics also provides an annual impact report for each bond in line with the recommendations in the individual *Harmonized Framework for Impact Reporting* for green and social bonds respectively.

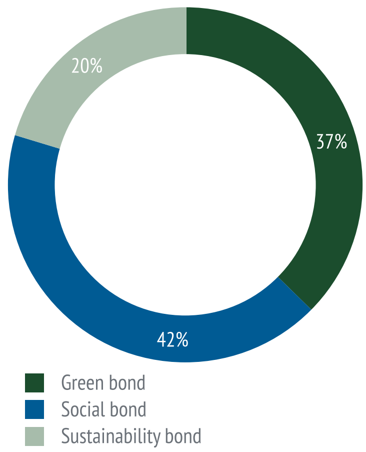
SUSTAINABLE BONDS ISSUED TO DATE

In 2020 and 2021, Symbiotics issued 24 sustainable bonds for a total of USD 253 million spanning 14 different countries. The largest share of bonds was issued in South and East Asia (42% of total volume issued), followed by Latin America (28%), then Eastern Europe, Central Asia & MENA (24%), and finally sub-Saharan Africa (6%). The number of bonds issued grew from 7 in 2020 to 17 in 2021. Figure 26 provides the bond type breakdown.

Green bonds include projects in sectors such as renewable energy, clean transportation, green buildings, and environmentally sustainable land use. For example, Symbiotics financed Samunnati India, which issued a green bond of USD 4.6 million to support the climate-smart agriculture strategy. The MFI did so by lending to climate smart inputs and sustainable agriculture projects.[xviii]

Social bonds can fall within several categories, such as access to essential services, food security and affordable housing. For example, Symbiotics funded La Hipotecaria Colombia, which supports home ownership by enabling low- and lower-middle-income families to access affordable housing through household loans. Symbiotics funded an equivalent of USD 10.5 million with a tenor of 53 months.[xix]

Figure 26
Bond type breakdown
(% of Symbiotics portfolio)



MEMBERSHIPS, NETWORKS AND INDUSTRY INITIATIVES

Symbiotics participated in several initiatives that aim to improve industry practices and support the growth of the sustainable finance industry. The level of involvement of Symbiotics in the various initiatives is detailed below.

B CORP

Certified B Corporations are businesses that meet the highest standards of verified social and environmental performance, public transparency and legal accountability to balance profit and purpose. The non-profit organization B Lab certified Symbiotics on 22 March 2021 with 116.1 points, rated among the highest in Switzerland, making it a Certified B Corporation. The results of the B Lab assessment have provided an important benchmark for the company to further improve certain areas. One of the areas Symbiotics is currently focusing on is its environmental impact in the workplace. It does so by quantifying the firm's CO_2 emissions and assessing its carbon footprint with the aim to reduce its emissions.

EUROPEAN MICROFINANCE PLATFORM (E-MFP)

With over 130 members, e-MFP is the leading network of European organizations active in the financial inclusion sector in developing countries. e-MFP fosters activities that increase global access to affordable, quality, sustainable and inclusive financial services for the un(der)banked by driving knowledge-sharing, partnership development and innovation. Symbiotics joined the e-MFP in 2014 as a member organization and has been an active participant and speaker at the annual e-MFP conference in Luxembourg.

EUROPEAN VENTURE PHILANTHROPY ASSOCIATION (EVPA)

EVPA is a community of organizations with the objective of achieving societal impact through social investment and high-engagement grantmaking. Symbiotics has been a member since 2014 and participates in events organized by EVPA, such as the 2021 EVPA investor for impact and the C-summit in Porto.

GLOBAL IMPACT INVESTING NETWORK (GIIN)

The GIIN focuses on reducing barriers to impact investment so more investors can fund solutions to the world's most pressing challenges. The GIIN works on developing activities, education and research that help accelerate the development of a coherent impact investing industry. Symbiotics has been a member of the GIIN since 2014 and has played an active role in the network's research activities. Symbiotics staff regularly participate in conferences and workshops to further develop and support the mission of the GIIN.

OPERATING PRINCIPLES FOR IMPACT MANAGEMENT

The Operating Principles for Impact Management (Impact Principles) are a framework for investors for the design and implementation of their impact management systems. They draw on emerging best practices from a range of asset managers, asset owners and development finance institutions. Symbiotics became a signatory to the Impact Principles in 2019. The company has since published an annual disclosure statement, describing its impact measurement and management processes (August 2020 and 2021). In accordance with Principle 9, Symbiotics completed a third-party independent verification of its alignment with the Impact Principles in July 2021 through Tameo Impact Fund Solutions.

LUXFLAG MICROFINANCE

LuxFLAG is an agency that aims to promote the raising of capital for the responsible investment sector by awarding a recognizable label to eligible investment vehicles. The LuxFLAG Microfinance Label's objective is to reassure investors that a fund invests in the responsible investment sector. Symbiotics has supported the initiative with the labelling of some of their funds since 2011. Today, Symbiotics-managed 11 funds have the LuxFLAG Microfinance Label.

UN PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)

PRI is a United Nations-supported international network of investors working together to implement its six aspirational principles. Its goal is to understand the implications of sustainability for investors and support signatories to facilitate incorporating these issues into their investment decision-making and ownership practices. In implementing these principles, signatories contribute to the development of a more sustainable global financial system. Symbiotics became a signatory of the PRI in 2010 and holds an A rating as of 2020.

SME CLIMATE HUB

The SME Climate Hub is a global initiative that empowers SMEs to take climate action through the United Nations Race to Zero campaign. Through this initiative, SMEs can commit to halving emissions by 2030, achieving net zero by 2050 and reporting on their progress yearly. Symbiotics confirmed its commitment to reducing emissions on the SME Climate Hub site, thereby joining the United Nations Race to Zero campaign and formally committing to its targets.

SUSTAINABLE FINANCE GENEVA (SFG)

SFG is a non-profit organization with the mission to connect, support and promote the sustainable finance community. It complements its core activities with special projects aimed at maximizing synergies across the sustainable finance ecosystem. Symbiotics is a founding member and active participant in SFG. The firm contributes to and uses the platform to meet and discuss with industry peers and highlight the key role Geneva plays in sustainable investment on a global level.

SOCIAL PERFORMANCE TASK FORCE (SPTF)

The SPTF is a non-profit membership organization with more than 4,600 members from all over the world. It engages with stakeholders to develop and promote standards and good practices for social and environmental performance management. It also aims to make financial services safer and more beneficial for clients, as well as to ensure that the interests of employees, local communities and the environment are given priority. Symbiotics has been a paying member of SPTF since 2018 and Emmanuelle Javoy, Head of Blended Portfolios at Symbiotics, has been a board member since 2020. Team members have also participated in the annual meeting since 2014.

SWISS SUSTAINABLE FINANCE

SSF's mission is to strengthen Switzerland's position as a leading voice and actor in sustainable finance. By shaping and informing on best practices and creating supportive frameworks and tools, SSF supports its members and cooperates with other actors to assist the Swiss financial center in achieving a leading position in sustainable finance. Symbiotics CEO Roland Dominicé was a board member from 2016 to 2022 and led the impact investing workgroup from 2019 to 2022, with the agenda to fulfill the Swiss development finance declaration.

MAIN TAKEAWAYS

With assets under management (AUM) of USD 2.9 billion, **Symbiotics has reached close to 2 million end-borrowers in 76 countries through its investments**. Symbiotics investees have demonstrated very good ESG norms and practices, performing exceptionally well in terms of client protection practices.

Following its investment objective of investing in sustainable and inclusive impact finance, Symbiotics has primarily addressed **SDG 1, SDG 5 and SDG 8** (Table 2). It has done so by providing low-income households and MSMEs with access to financial services, while ensuring that women borrowers have equal access to services to manage their finances. In parallel, through its investment in financial institutions with a strong focus on agriculture, education and housing, Symbiotics also contributes to other SDGs.

The portfolio has targeted a **diverse range of low- and middle-income countries worldwide**, with a focus on countries with low levels of banking penetration (58.6%). It has focused on South & East Asia and Latin America & the Caribbean (30.7% and 30.5% of portfolio outstanding, respectively).

The investees have offered various services to the fund's end-borrowers, **mainly to finance their businesses** (60% of the portfolio financed microenterprise and SME loans), **as well as their household needs** (27% of portfolio outstanding). With the majority of loans financing MSMEs, Symbiotics is expected to have a significant impact on employment in its target markets. We estimate that the fund has **supported over 3.7 million jobs**. These loans have also allowed MSMEs to capture business opportunities, such as investing in new equipment, growing their inventory or expanding their business.

The end-client outcome data collected through the 60 Decibels Microfinance Index from **18 institutions** has allowed us to identify the main aspects that Symbiotics is positively impacting through its microfinance investments, as well as areas for improvement. Notably, the institutions have performed in line with the benchmark in terms of **outreach to underserved clients and supporting clients to invest in their businesses and increase business income**. We also have seen significant **improvements in end-clients' quality of life**, **increased household spending,** and a **strong understanding of the loan's terms and conditions**. However, among the microfinance borrowers, we have not seen major effects on employment, unlike SME borrowers, who are likely to be supporting a greater number of jobs. Finally, in terms of financial management, we have seen that borrowers **generally do not find their loans to be a burden** but a minority of clients still have to make sacrifices to repay their loans. In the future, Symbiotics could focus its investments to a greater extent on institutions that emphasize the protection of end-clients. Through impact evaluations, Symbiotics can identify areas for improvement and ultimately, encourage better impact practices in the industry.

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ii Demirgüç-Kunt, A., Kalpper, L., Singer, D., Ansar, S. (2021). *The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19.* Retrieved from: https://globalfindex.worldbank.org/.

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iv Symbiotics Group. *Impact Promise*. Retrieved from https://symbioticsgroup.com/wp-content/uploads/2020/02/Symbiotics_Impact_Promise_Web_02.20.pdf.

v Symbiotics indirectly invests 2% of total exposure in emerging and frontier economies through institutions located in Austria, France, Germany, the Netherlands, Spain, the United Arab Emirates and the United States.

vi Countries' income levels are defined by the World Bank according to gross national income (GNI) per capita as follows:

› Low-income: USD 1,045 or less
› Lower-middle-income: USD 1,046 to USD 4,095
› Upper-middle-income: USD 4,096 to USD 12,695
› High-income: USD 12,695 or more.

vii These countries are: Angola, Benin, Burkina Faso, Cambodia, Haiti, Madagascar, Malawi, Mali, Myanmar, Niger, Rwanda, Senegal, Sierra Leone, Togo, Uganda and Yemen.

viii The following criteria are used by UNCTAD to determine whether a country is an LDC:

› Per capita income: below USD 1,230
› Human Assets Index, based on nutrition, health, school enrolment and literacy indicators.
› Economic Vulnerability Index, based on natural shocks, trade-related shocks, physical and economic exposure to shocks, population size and remoteness indicators.

ix Investments in high-income countries include 1) the Netherlands (0.76% of outstanding portfolio); 2) Access Group (0.2%), based in Germany but focusing on six African markets and Georgia; 3) United Arab Emirates (0.79%); 4) the Baobab Group (0.67%), domiciled in France, which invests in micro- and small enterprises in Africa and China; 5) United States (0.63%); 6) Austria (0.005%); 7) Spain (0.03%); 8) Panama (2.37%); 8) Poland (0.12%); 9) Chile (0.25%); and 10) Romania (0.84%). Despite having higher per capita income, the International Monetary Fund's *World Economic Outlook* classifies Panama, Poland, Romania and Chile as 'emerging and developing economies'.

x Demirgüç-Kunt, A., Kalpper, L., Singer, D., Ansar, S. (2021). The Global Findex Database 2021: *Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19.* Retrieved from: https://globalfindex.worldbank.org/.

xi Ibid.

xii Ibid.

xiii Ibid.

xiv 60 Decibels is an impact measurement company mainly known for its Lean Data approach. With a network of more than 750 researchers in 50 countries, 60 Decibels provides impact performance benchmarks.

xv The aggregate results for all participants in the index are available at https://app.60decibels.com/mfi-index. The results can be used to benchmark the performance of Symbiotics investees.

xvi 60 Decibels calculates the average performance of the participating microfinance institutions for each indicator included in the index and it weighs each MFI's performance equally. For more information, see the methodology section of the Microfinance Index Report at https://app.60decibels.com/mfi-index.

xvii Symbiotics Group. *Sustainable Bond Framework for Symbiotics Bonds*. Retrieved from http://symbioticsgroup.com/wp-content/uploads/2020/06/Symbiotics-Sustainable-Bond-Framework.pdf.

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