

# FINANCE UNITED: Impact Investors, financial service providers, and the SDGs

Using Data for Decision-Making

Speakers: **Loïc De Cannière** (Incofin IM), **Leticia Emme** (DFC), **Maya Kobalia** (Crystal), **Alessandro Maffioli** (IDB Invest), **Edgardo Perez Preciado** (Fundación Génesis Empresarial)

Moderator: **Amelia Greenberg** (SPTF)

30 September 2022



# Meet the Speakers

## Moderator:

- Amelia Greenberg (SPTF)

## Speakers:

- Loïc De Cannière (Incofin IM)
- Leticia Emme (DFC)
- Maya Kobalia (Crystal)
- Alessandro Maffioli (IDB Invest)
- Edgardo Perez Preciado (Fundación Génesis Empresarial)

# By the end of this session, you will have learned...

- In what ways the IS-FSD and the Universal Standards for SEPM can be useful, and how different stakeholders are aligning their practices to the standards
- Examples of how different types of stakeholders in the financial inclusion sector use social and environmental performance data to make decisions
- Lessons that stakeholders have learned about what to do and what not to do
- Ideas to further improve existing systems

# Topic 1

How and why are standards useful, and how different stakeholders align their practices to them

# IS-FSD principles at Incofin



*Incofin funds' social mandates are matched with relevant **SDGs** + systematic communication*

**ABC Impact Investment Strategy** (Avoid Harm, Benefit Stakeholders, Contribute to Solutions)

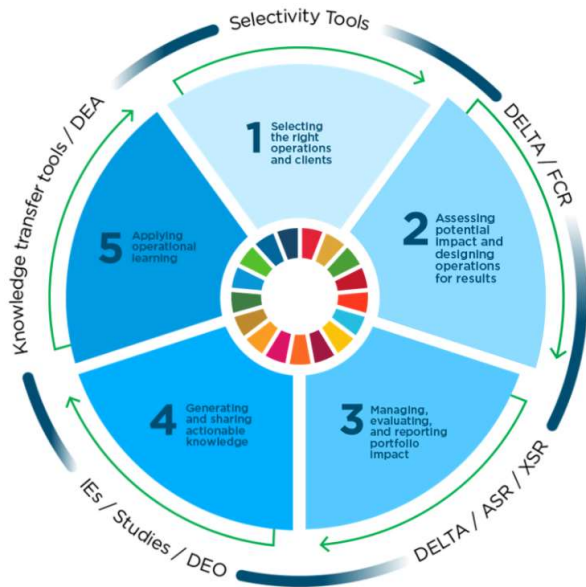
- **Identify** - exclusion list, positive selection based on impact thesis, E&S risk categorization
  - **Analyze** - screening of UN Global Compact principles through: ALINUS, AML-KYC checks, ESG questionnaire.
  - **Control** – high risk files reviewed by Risk Department, double-bottom line IC decision, social undertakings in loan agreements
  - **Monitoring** – investees report quarterly financial data and social KPIs
- 
- **Annual Impact Report** (funds' contribution to relevant SDG)
  - **Operating Principles Disclosure Statement** (annually + independent verification every 3 years)
  - **SFDR Disclosures** (+ Principal Adverse Indicators (PAI) Statement as from June 2023)
- 
- Quarterly **Impact Committee** at Incofin
  - ESG and impact criteria are reviewed by ICs, with dedicated sections in the investment memo
  - All Incofin team members have **impact goals** as part of their annual goals

# Topic 2

Using social and environmental performance data to make decisions

# IDB Invest's Impact Management Framework

## A CONTINUOUS IMPROVEMENT APPROACH



## WHAT MAKES UP THE DELTA IMPACT SCORE?

### 1. ECONOMIC ANALYSIS

Estimates the net benefits of the investment to the economy and society (Economic & Social Rate of Return).

### 3. SUSTAINABILITY

Ensures that the project is financially sustainable and meets ESG requirements.

### 2. STAKEHOLDER ANALYSIS

Complements the economic analysis by assessing the types of beneficiaries reached and the type of benefits generated.

### 4. ADDITIONALITY

Ensures that IDB Invest provides financing beyond what is available in the market and contributes to better project outcomes.



# DEVELOPMENT PATHWAY

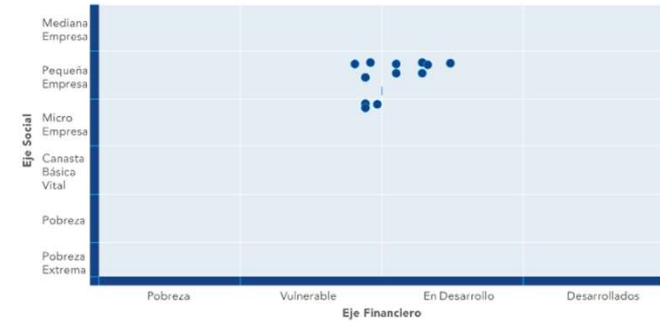




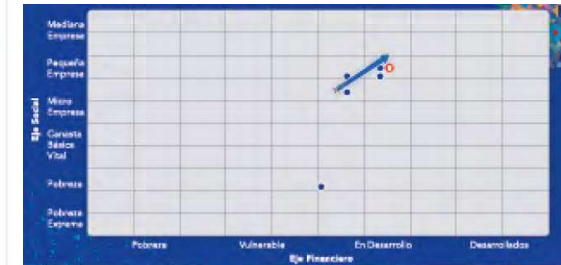
# FINANCIAL AND SOCIAL SEGMENTATION

## Disbursements June 2022

83,068 Clients have registered improvements on its Development Path, since 2015



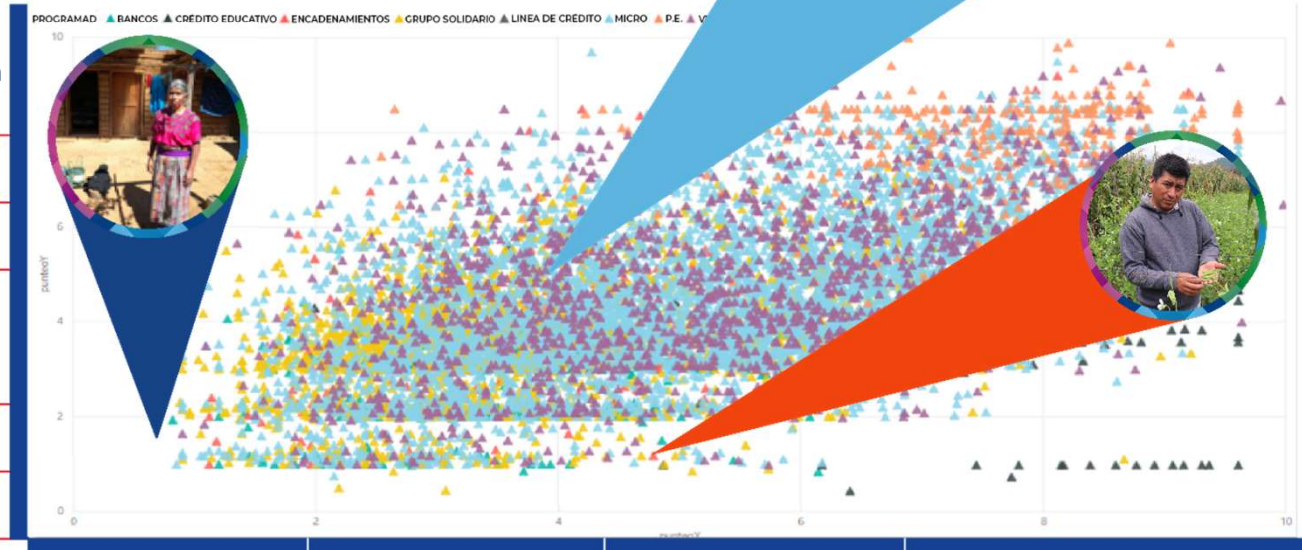
**Jovita Ester Chub Prado** Pharmacy, Nursing and Laboratory. Salacujm Village, Cobán, AV. Microenterprise



**Marco Antonio Sepet Jiatz** Agricultural production chain, strawberry, pea, potato and tomato. Xetonox-Panabajal Tecpán, Chimaltenango

Financial

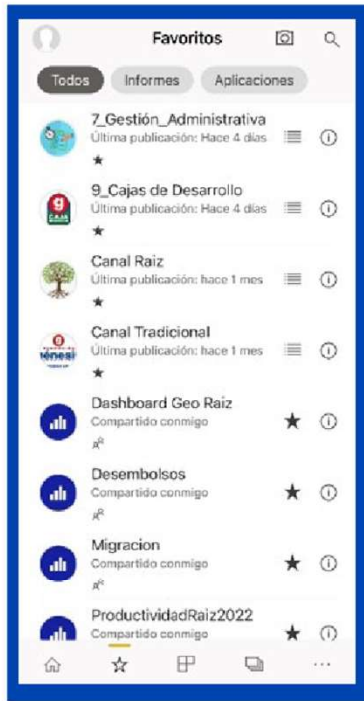
- 6. Medium Company
- 5. Small Business
- 4 Micro Enterprise
- 3. Basic Extended Basket
- 2. Poverty Base Line
- 1. Extreme Poverty



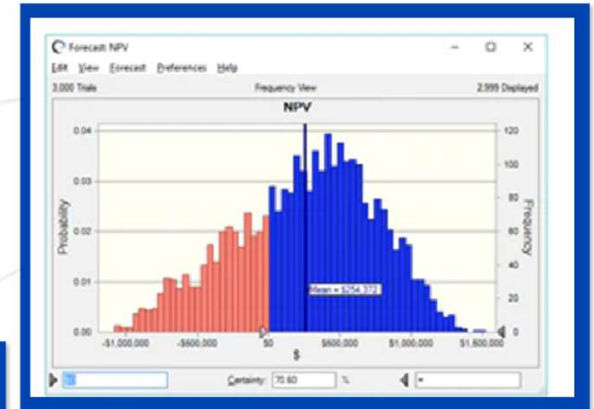
1. Poverty      2. Vulnerable      3. Developing      4. Developed

Social

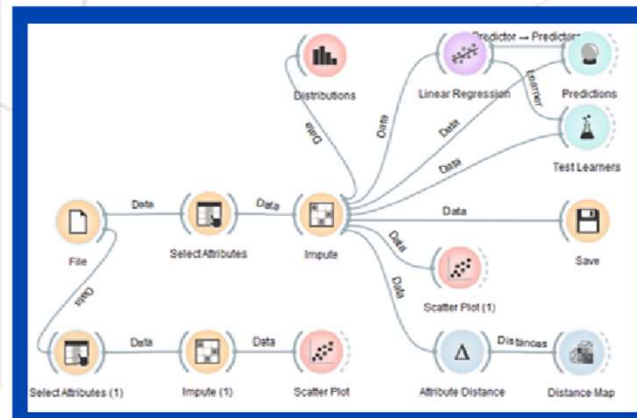
# Using Data for Decision-Making



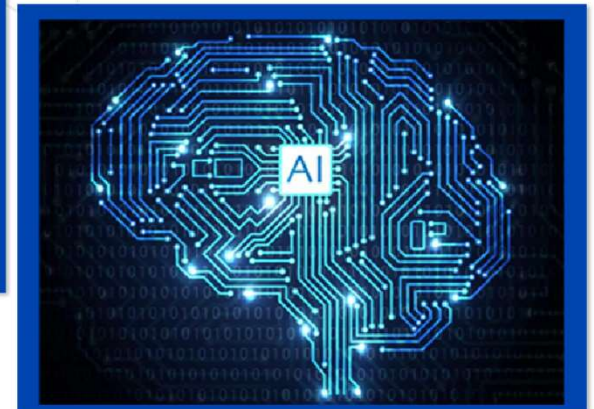
Real Time Information



Use Of Analysis Tools



Data Science Models  
Machine Learning And Data Mining



Artificial Intelligence Support

# DFC | Our impact tools help us integrate impact along the investment lifecycle

## Impact Thesis

**Food Security & Agriculture | Impact Thesis**

**Why does DFC invest in food security and agriculture?**

**WHAT is the problem?**

- Global food production must increase by 60% to 110% between 2025-2050 to meet growing food demand.<sup>11</sup>
- "\$115B annual financing gap for agriculture in the 12 USG Feed the Future countries."<sup>12</sup>
- Stronger commodity supply chains, improved post-harvest handling, and food market systems are essential to drive inclusive economic growth and food security.<sup>13</sup>

**WHO is mostly affected?**

- Low-income, farm dependence households, 28% of the world's poorest individuals live in households that depend on agriculture for income and nutrition.<sup>14</sup>
- Rural communities, which are often engaged with smallholder agriculture, have fewer options for credit. Women, who comprise 43% of smallholder farmers globally, often lack access or financial ability to adopt new technologies and quality inputs.<sup>15</sup>

**What is DFC doing to address this problem?** Provide investment finance, equity, and technical assistance to:

- Increase ag production, primarily through smallholder farms or inclusive businesses
- Increase ag-related infrastructure (exp. storage, processing, irrigation)
- Increase access to quality agricultural inputs

**How does DFC measure its development impact?**

**What is DFC's target for these investments?**

- Support at least 18k smallholder farmers
- Increase of 1 million metric tons of annual agricultural commodities

**HOW MUCH change is happening?**

- Targeted short- & medium-term outputs
- Increased access to agricultural products and services

**Intended long-term outcomes**

- Increased agricultural productivity
- Reduced food waste
- Increased farmer income or assets

**Key metrics**

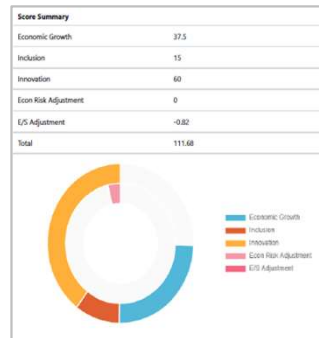
- Average agricultural yield (ton/hectare)
- Smallholder farmers served (k) as suppliers or customers
- Domestic sales (USD)
- Domestic purchases (USD)

Most direct link to SDGs:

Also linked to:

**Other related themes and priorities:** Gender Equity, Global Health, Financial Inclusion, Climate Action

## Impact Assessment & Scoring (IQ)



## In-Depth Assessments

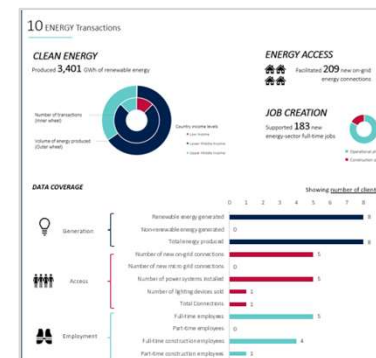


## Impact Table for Screening

**Standard table to integrate impact into DFC screening memos**

Aligned Impact Goal from Roadmap	Helpful resources	Additional for Impact	ESG
<b>Example:</b> Foodmap goal: Provide healthcare services to at least 2 million people (Global Health and Health Security)			
Most Directly Linked SDGs (from impact theme): #3			
<b>WACS Sector:</b> Example: HEALTHCARE			
<b>Development impact pillar:</b> Example:			
<b>Key Indicators:</b> Check/track key KPI indicators (helpful resource: <a href="#">SDG Indicators</a> )	<b>Impact expectations (OPTIONAL SECTION)</b> (2) Metrics for selected KPI indicator (KPI indicator and metric type/units)	<b>Baseline (Y1/2022)</b> (Y1/2022)	<b>Expected impact (Y2/2023)</b> (Y2/2023)
<b>Economic growth:</b>	<i>After checking/unchecking the appropriate key indicators, please delete the nonapplicable metrics from the list.</i>		
ESG			
ESG			
ESG			
ESG			

## Monitoring & Data Analytics



# SDG 1: Reaching financial stability/ improving living standards

crystal  Financial Inclusion Organization

Quality of life, new assets, paying the bills

1 NO POVERTY



## Customers are more resilient compared to SIM 2019

More pressure for newer clients to pay their bills  
Older clients engage more in housing renovation

## Perception of changes: concrete and psychological effects combined

**18%** have observed changes in meeting household needs

**17%** focus on the positive **psychological aspect** of feeling more confident/ less stressed, and this is particularly true for women (20%) and older clients (19%)

**15%** see **improvement in their business**, this is particularly the case for men (20%) and older clients (18%)

# Topic 3

## Lessons learned

# Incofin's Outcomes Measurement Project

Tracking the progress of investees towards their social mission and UN SDGs



## Description

Flagship multi-investee TA initiative of Incofin co-funded by agTAF (TA facility of agRIF Fund), financed by the grants from agRIF Fund, BIO, EIB and Proparco



## Objective

Support agRIF investees in making further steps in impact measurement based on the specific needs and goals of each institution



## Participants

5 equity and 4 debt investees (FIs)



## Geography

6 countries (Georgia, Myanmar, India, China, Kenya, Senegal)



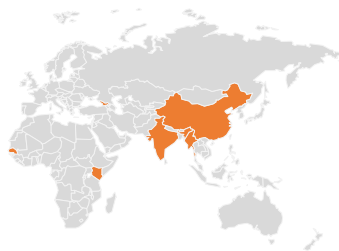
## Timeline

2020-2024



## Implementing Partners

CERISE and M-CRIL



## Lessons learnt

- MIVs well positioned to push outcome agenda (LPs, Investees)
  - Outcome measurement: not to please investors but to better serve clients' needs
  - Starting positions of FSPs and outcome data collection systems vary a lot
- 
- Data collection is demanding for FSP. Data collection should be proportionate to outcome targets explicitly pursued by FSP.
  - Embed outcome data collection in existing data-collection systems
  - Rich Information for decision making (eg womens' loans at Crystal)
  - Realistic picture on outcome

# Final thoughts and thank you

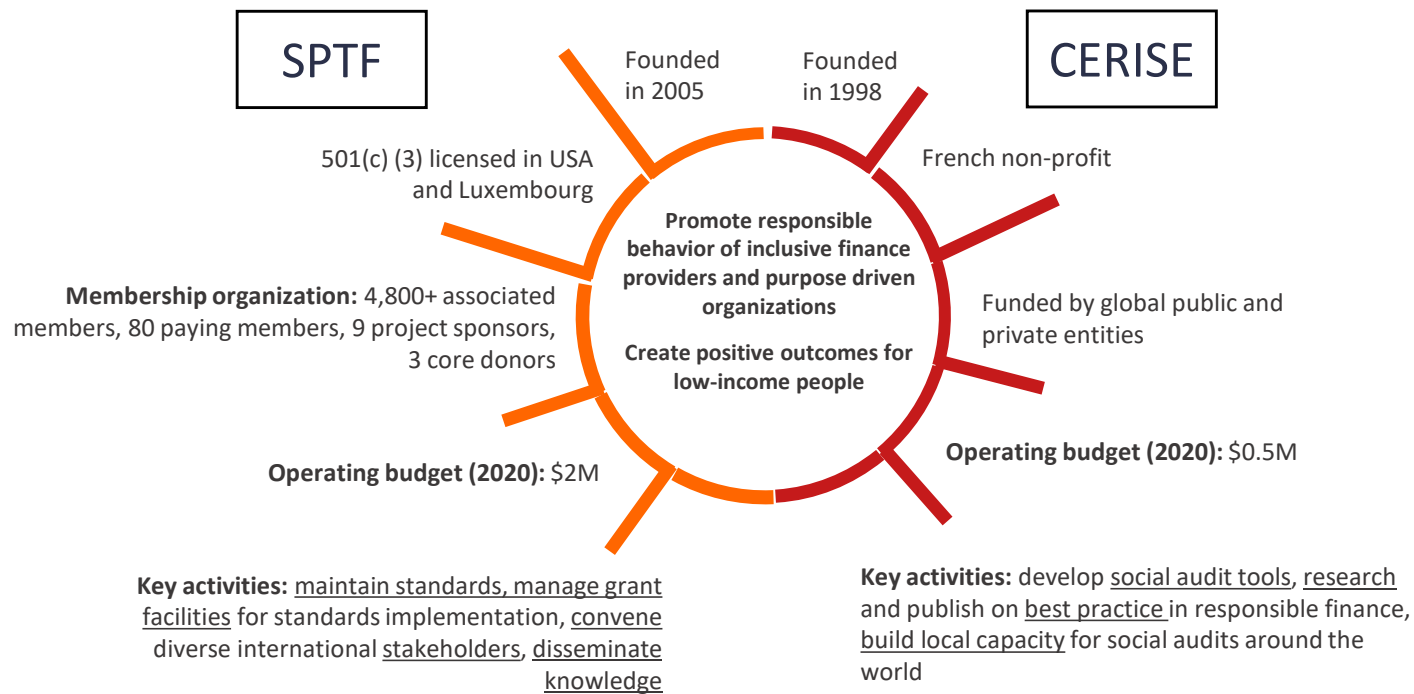
# Annex

Additional information about the organizations for which our panelists work



# WHO WE ARE

## Two Entities with a joint purpose



# WHAT WE DO

## Integrated Service Offer



<sup>1</sup> Working Groups currently active: Social Investor, Outcomes, Green Finance, Customer Empowerment, Digital Financial Services Standards

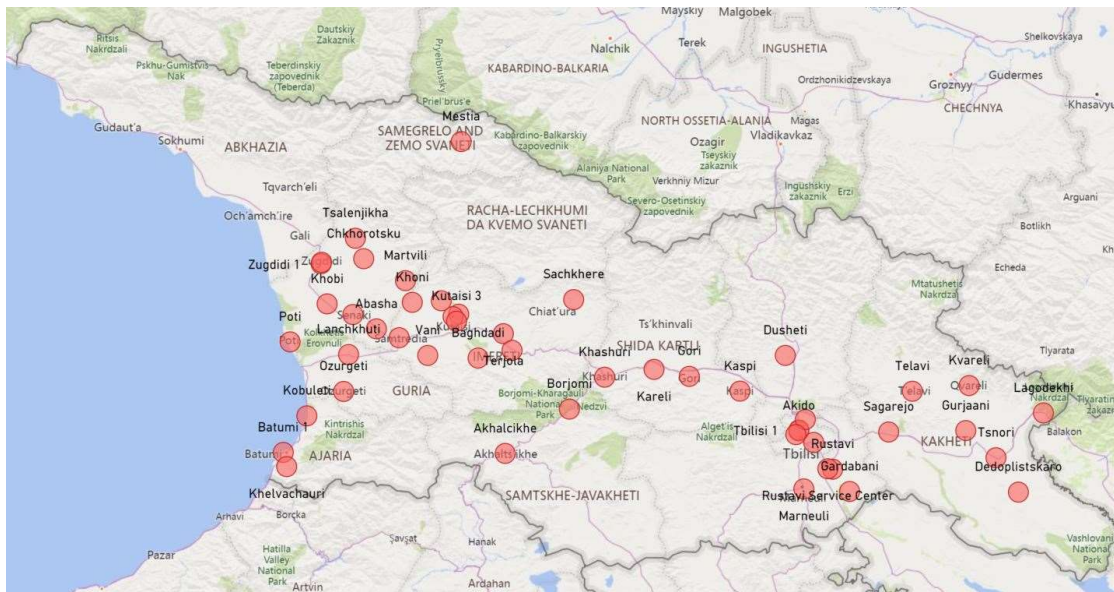
<sup>2</sup> Responsible Inclusive Finance Facilities offer co-funding opportunities in three regions: Africa, Southeast Asia, and the Caribbean/Central America.

# Crystal at a Glance

JSC MFO Crystal ('Crystal') is the leading financial inclusion organization and the largest by assets non-banking financial institution in Georgia. It manages the **loan portfolio of GEL 364 million [US\$ 117 million]**, employing more than 1,000 professionals, operating through **49 branches** and **servicing more than 121,000 unique customers across Georgia**. Crystal acts as a platform for economic development for micro and small entrepreneurs as well as farmers providing them with innovative financial products and value-added services. **Crystal is the first Fitch-rated non-banking financial institution in the region, who also received the nation-wide "The Most Responsible Large Company of the Year" Award(s) multiple times.** Crystal was first to sign the UN Women WEPs (2016) and the first to issue the Women/Gender Bonds in the Region.

- 58.46% of loan portfolio in rural and 41.54% in urban areas
- Per number of borrowers 61.63% are female, 38.31% male and 0.06% are legal entities

For more information, please visit: <https://ir.crystal.ge/>





# U.S. International Development Finance Corporation

*OECD-SPTF Conference  
September 2022*

## DFC | Who We Are

U.S. International Development Finance Corporation (DFC) is the **U.S. Government's development finance institution.**

DFC partners with the private sector to finance solutions to the **most critical challenges** facing the developing world today.



# DFC | Key Development Sectors & Priorities

Two Cross Cutting Strategic Priorities: Climate & Gender Equity ("2x")



## ENERGY

Help countries generate power from renewable sources, expand access to energy, and promote just transitions.



## FINANCIAL INCLUSION

Provide sustainable financial services and credit to women, small businesses, and other underrepresented groups.



## GLOBAL HEALTH & HEALTH SECURITY

Support the response to COVID-19, build more resilient healthcare supply chains, and expand access to healthcare.



## DIGITAL CONNECTIVITY

Support ICT projects that enhance access to basic services and promote data security.



## FOOD SECURITY & AGRICULTURE

Promote food security and robust agriculture value chains.



## WATER, SANITATION & HYGIENE

Expand access to clean drinking water and improve water/sanitation services.



## Guatemala, Central América

Population **17.3 Millions** (INE)  
 Geographic area **108 thousand square Km**  
 Average years of schooling **5.6 years**  
 National Poverty **59.3%**  
 Extreme Poverty **24-3%**  
 Chronic Malnutrition **49%**

**151 Branch-Offices**  
**4,546 Non-Bank Correspondents**  
 Cajas de Desarrollo



**3,461 akisi Payment Points**  
**8,007 Network Points akisi**

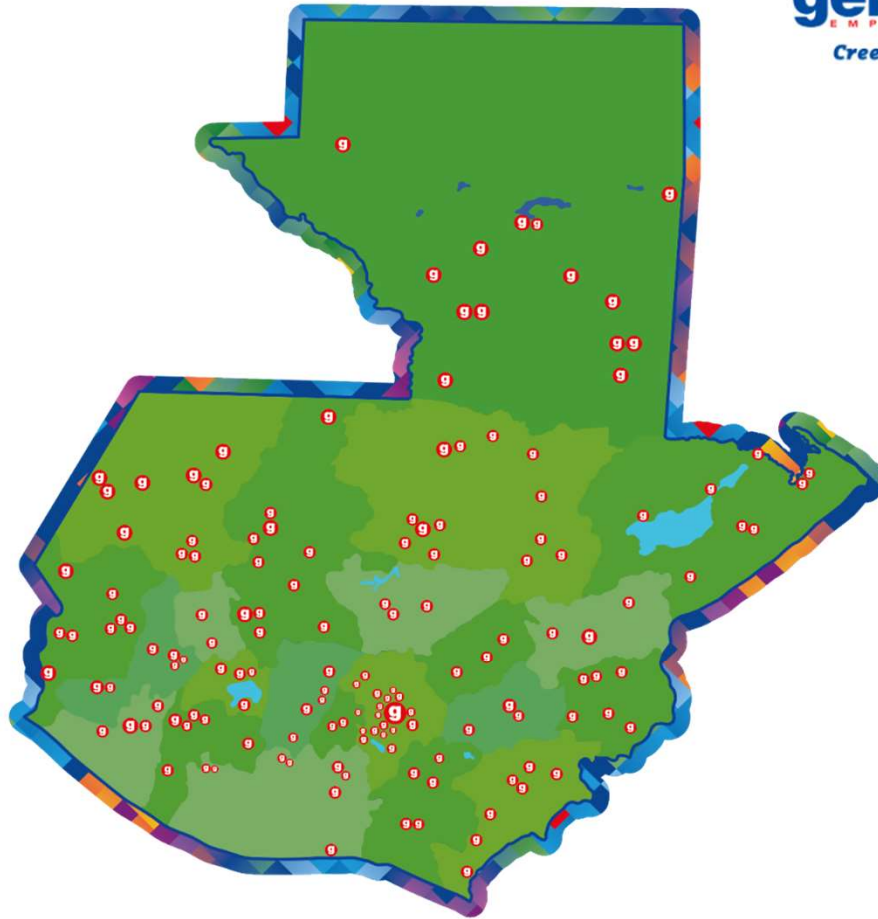


Collaborators  
**3,087**  
 Development Promoters  
**1,722**  
 Training Advisors  
**107**  
 Collection Agents  
**74**

# Aug. 2022

(NIIF)

Active Clients  
**290,292**  
 Active Portfolio  
**USD\$328MM**  
 Delinquency Rate +30d  
**1.64%**  
 Trained Participants  
**240,668**  
 Active Clients with  
 Micro-Insurance  
**223,246**

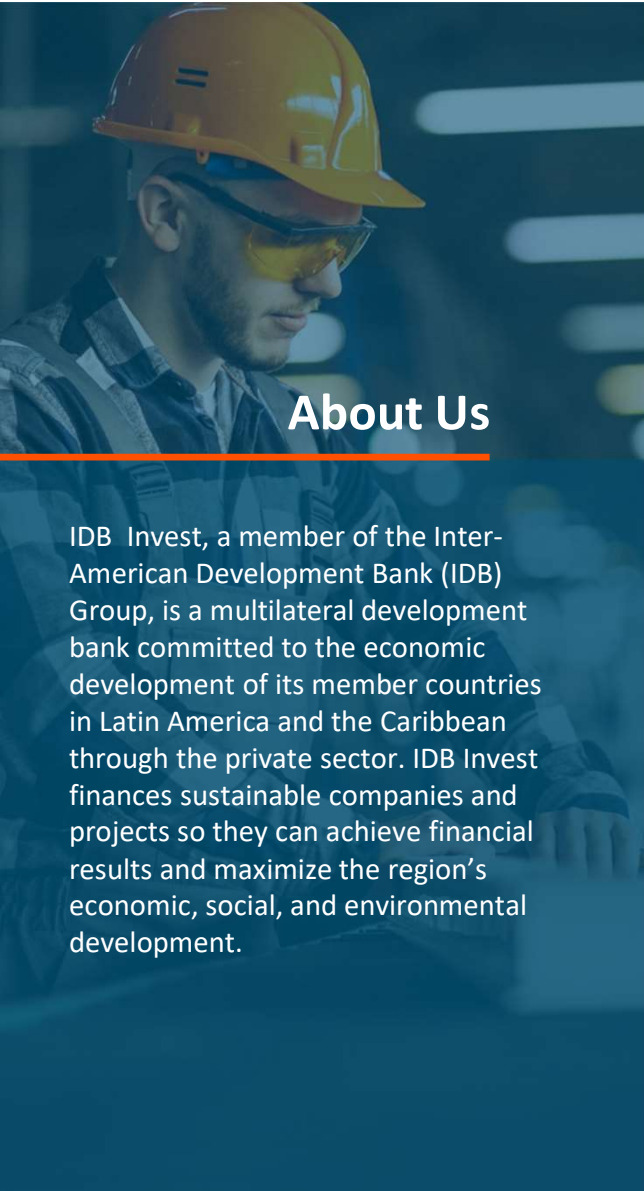


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# About IDB Invest



## About Us

IDB Invest, a member of the Inter-American Development Bank (IDB) Group, is a multilateral development bank committed to the economic development of its member countries in Latin America and the Caribbean through the private sector. IDB Invest finances sustainable companies and projects so they can achieve financial results and maximize the region's economic, social, and environmental development.



Governments  
Civil Society

Loans  
Guarantees  
Grants

Policy Advice  
Technical Assistance  
Knowledge



Corporates  
Infrastructure  
Financial Intermediaries

Loans  
Guarantees  
Equity and Mezzanine  
Investments

Advisory Services



Innovation Ecosystem  
Actors

Loans  
Seed and Venture Capital  
Grants

Knowledge Networks  
Open Innovation

# MANAGEMENT TEAM



**James P. Scriven**

Chief Executive Officer



**Orlando Ferreira**

Chief Finance and  
Administration Officer



**Gema Sacristán**

Chief Investment  
Officer



**Rosemary Jeronimides**

General Counsel



**Rachel Robboy**

Chief Risk Officer



**Alexandre Meira da Rosa**

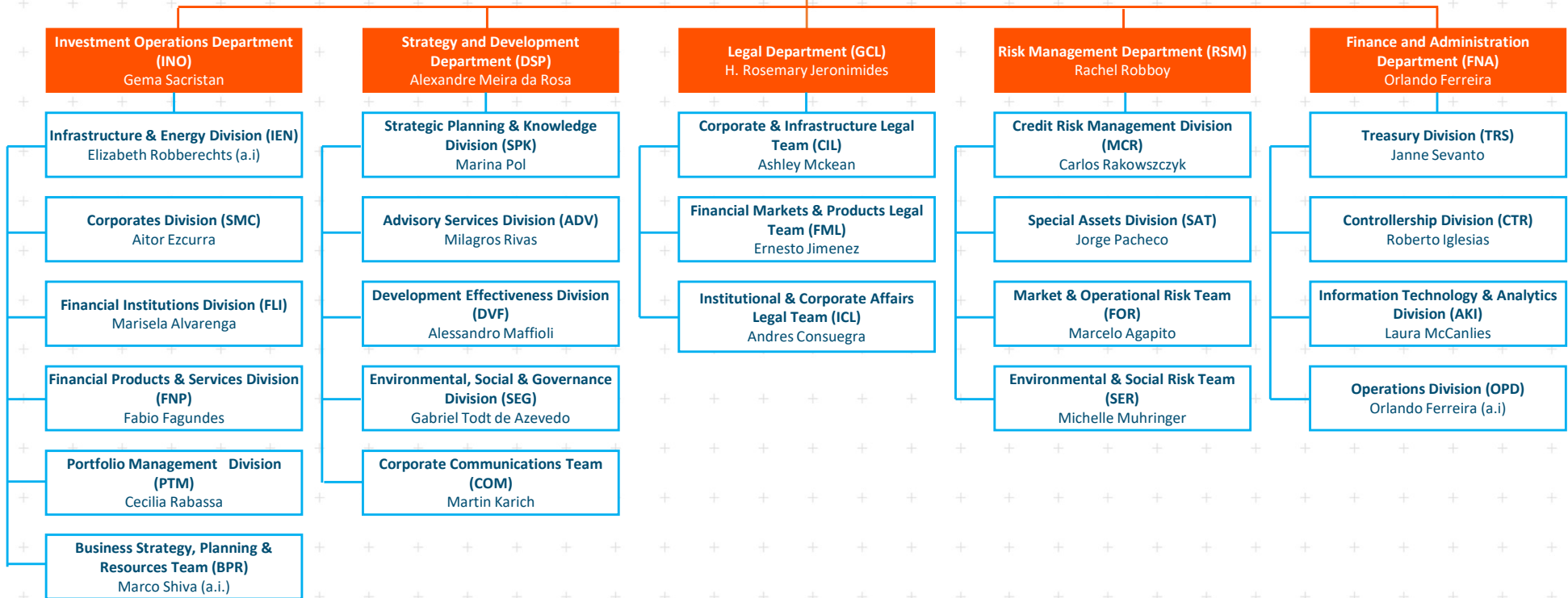
Chief Strategy Officer

**PRINCIPAL ORGANIZATIONAL CHART**



Chairman of the Board of Executive Directors  
Reyna Irena Mejía (a.i)

Chief Executive Officer (General Manager)  
James P. Scriven



# At A Glance<sup>1</sup>

47  
shareholders

54%  
of shares  
held by Latin America  
and the Caribbean  
member countries

60+  
years  
of experience  
in the region as  
IDB Group

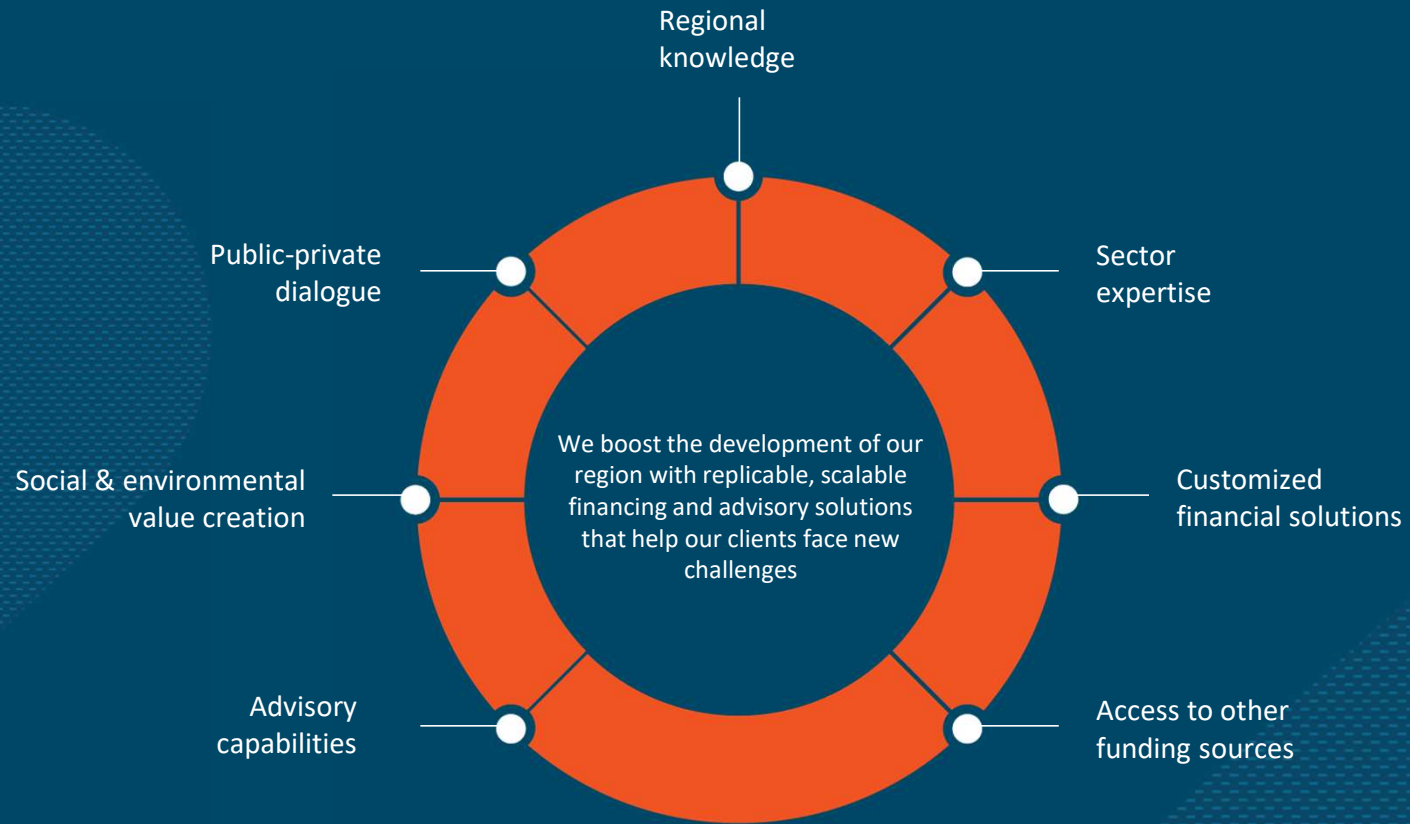
468  
employees

28  
offices  
in Latin America,  
the Caribbean,  
Asia, and Europe

AAA  
Aa1  
AA+  
Fitch ratings  
Moody's  
Standard & Poor's

<sup>1</sup>Information as of December 2021

## Our Value Added



## Priority Sectors



## Financial products



Loans



Guarantees



Equity and Mezzanine Investments

## Financial solutions



Trade and Supply Chain Finance



Capital Market Instruments & Structured Finance



Blended Finance

## Financial services



Resource Mobilization

## Advisory services



Gender, Diversity and Inclusion



Technology and Innovation



Climate Change



MSMEs and Sustainability



Public-Private Partnerships (PPP)



Environmental & Social Risk Management



Corporate Governance



## Business

US\$ **38.38**  
**BILLION**

CLOSINGS AND  
MOBILIZATION<sup>1</sup>

US\$ **15.34**  
**BILLION**

TOTAL ASSETS UNDER  
MANAGEMENT<sup>2</sup>

**419**

PROJECTS IN  
PORTFOLIO<sup>2</sup>

## Our Impact

**391**  
THOUSAND  
**JOBS**

SUPPORTED<sup>3</sup>

**12.38**  
MILLION  
**TCO<sub>2</sub>**

REDUCED  
PER YEAR<sup>3</sup>

**2.1**  
MILLION  
**MSMEs**

FINANCED<sup>3</sup>

<sup>1</sup>Actual amounts from January 2016 to June 2022 - <sup>2</sup>As of June 2022 - <sup>3</sup>Actual amounts from January 2016 to December 2021

All figures are expressed in US\$

# STRATEGIC PRIORITIES ALIGNED WITH SUSTAINABLE DEVELOPMENT GOALS





# IMPACT MANAGEMENT FRAMEWORK

## Objectives

Select operations in line with our **mandate** as a development bank

Ensure operations are structured to be **strategically relevant, effective, and measurable**

**Manage our portfolio** to maximize impact and sustainability

Foster continuous **learning** from our operations

Ensure **accountability** to stakeholders

## Our Most Recent Market Awards



Multilateral  
Development Bank of  
the Year

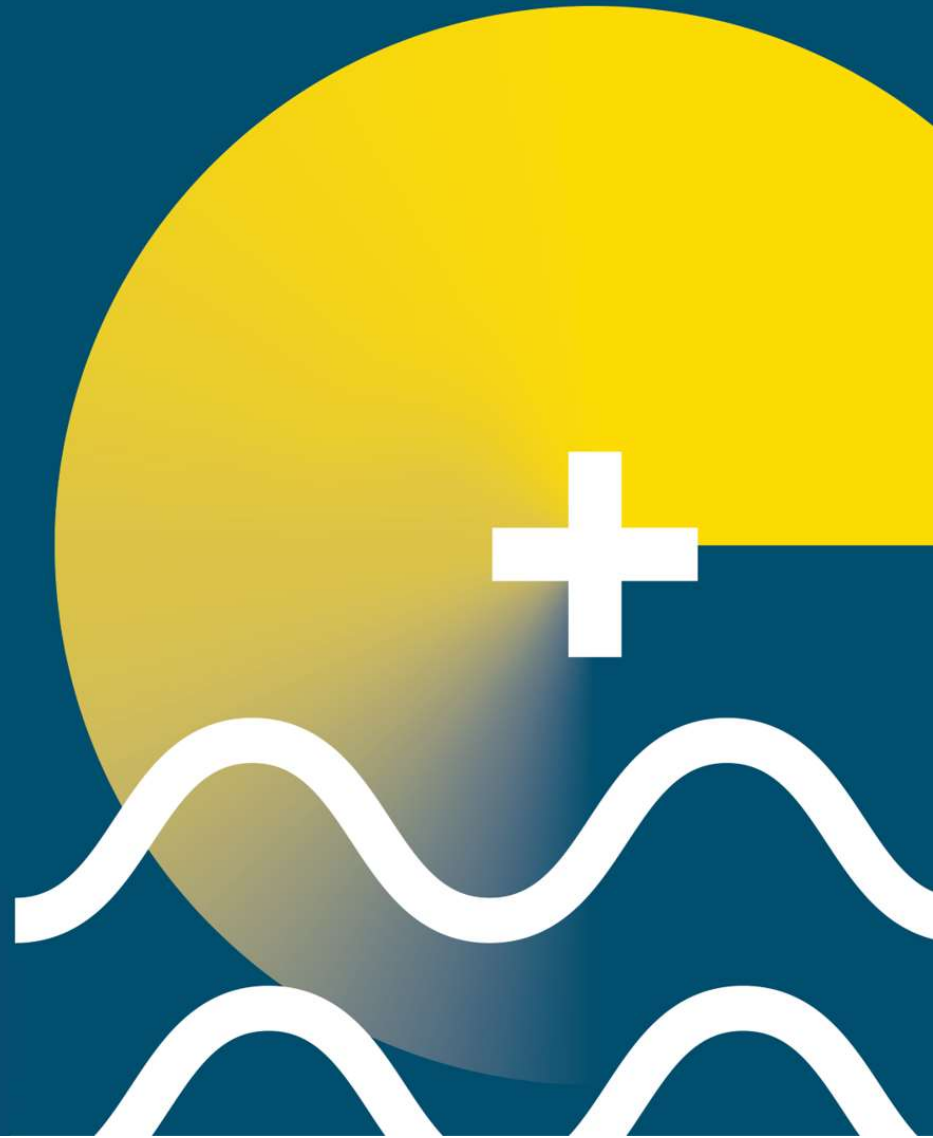


# LET'S CONTINUE THE CONVERSATION

ALESSANDRO MAFFIOLI

Chief - Development Effectiveness Division

[alessandrom@iadb.org](mailto:alessandrom@iadb.org)



# Incofin in short



European AIFM licensed



Provide technical assistance to maximise impact



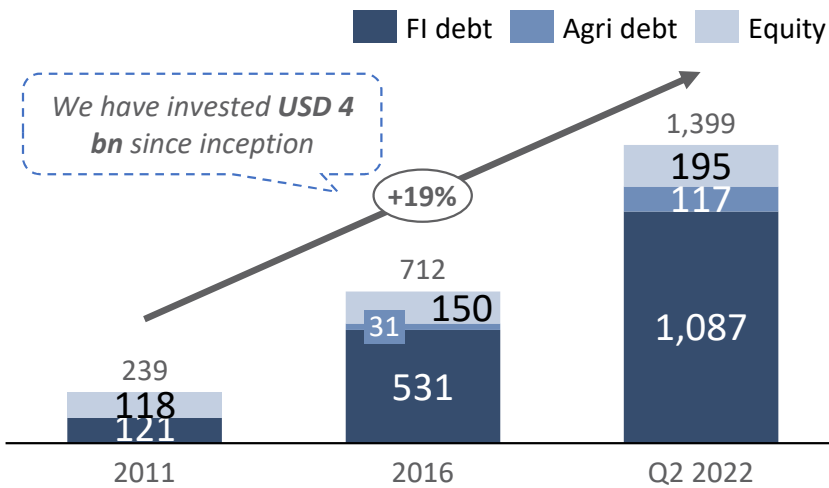
Extensive experience in private debt and private equity



Key sectors: financial inclusion, agri-food, and water

Our AUM has grown by more than 5x over the last decade

AUM, 2011-21, USD (M)



We have a strong track record across debt and equity

	Private Debt Financial Inclusion	Private Debt Agri-Food	Private Equity
No. of transactions	1500+ transactions	400+ transactions	50+ transactions

We are a diversified team



Offices across **Belgium, Cambodia, Colombia, Kenya and India**



**Gender balanced**  
50% female senior managers  
50%+ female staff



**90+ global staff**  
50 investment professionals