

FMO

Entrepreneurial
Development
Bank



FMO AND THE EUROPEAN UNION: INVESTING IN AFRICA'S PROSPERITY



- FMO at a glance
- Our Contributing Partners
 - European Union
 - Green Climate Fund
 - Netherlands Government
- Impact & performance through innovative blending structures
 - NASIRA
 - Venture Capital Program

Annexes

1. FMO AT A GLANCE

Since 1970, FMO has made a positive difference in emerging economies, by **empowering entrepreneurs** to build a better world.

At the heart of everything we do is our aim to contribute to a world in which, in 2050, more than 9 to 10 billion people live well and within the means of the planet's resources.

We invest in businesses, projects and financial institutions **supporting job and income generation**. Our role extends beyond financing, as we help businesses to operate and grow transparently in **an environmentally and socially responsible manner**.



Triple A
rated
bank

Triple A rating from
Fitch Ratings and
Standard & Poor's



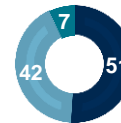
Industry leading
sustainability ratings

Sustainalytics (85)
and oekom Research
(Prime)



Licensed bank

Supervised by the
Dutch Central Bank



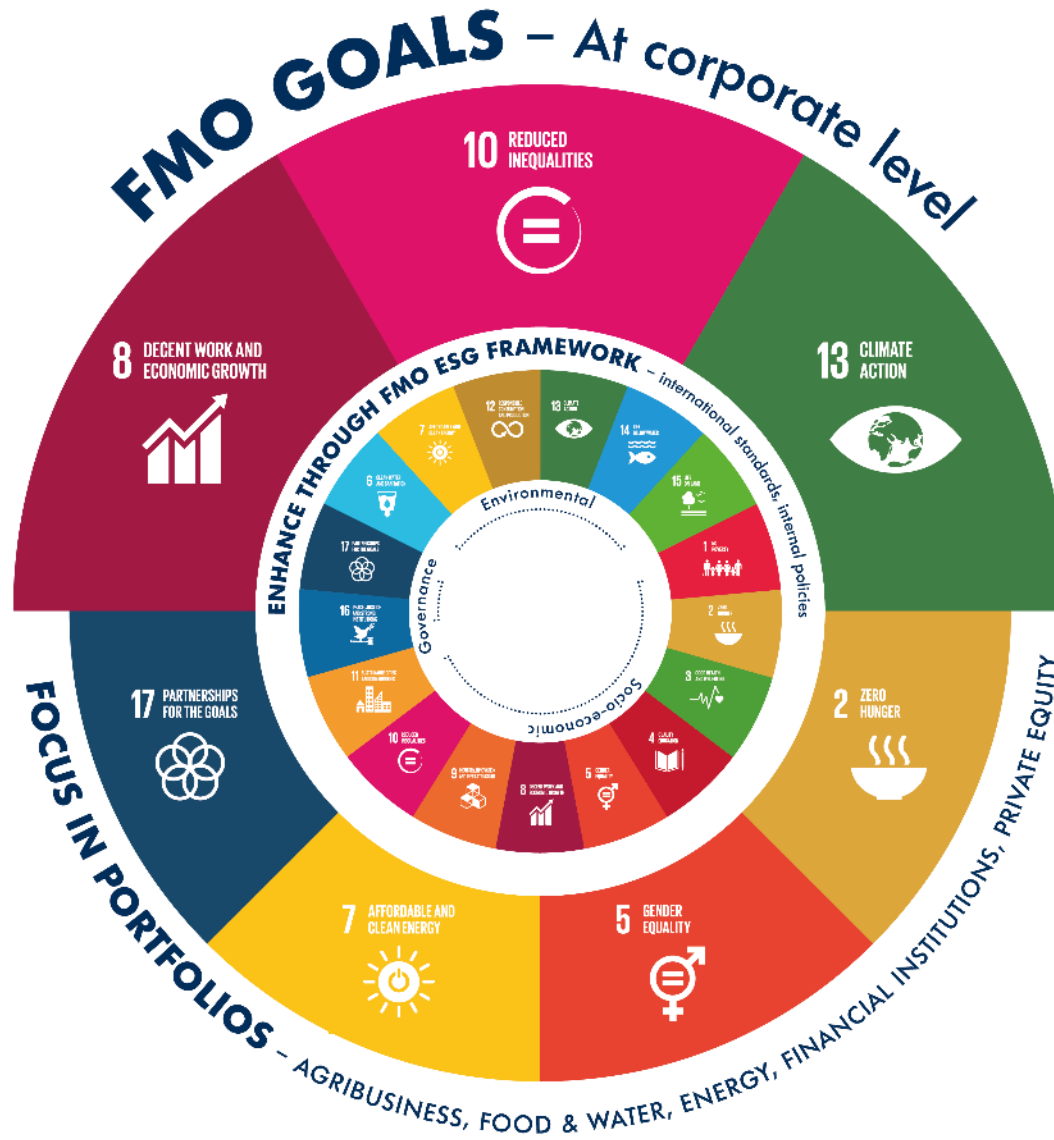
Unique
ownership
structure

51% by the Dutch
State, 42% Dutch
banks, 7% Employers'
associations, trade
unions and individual
investors

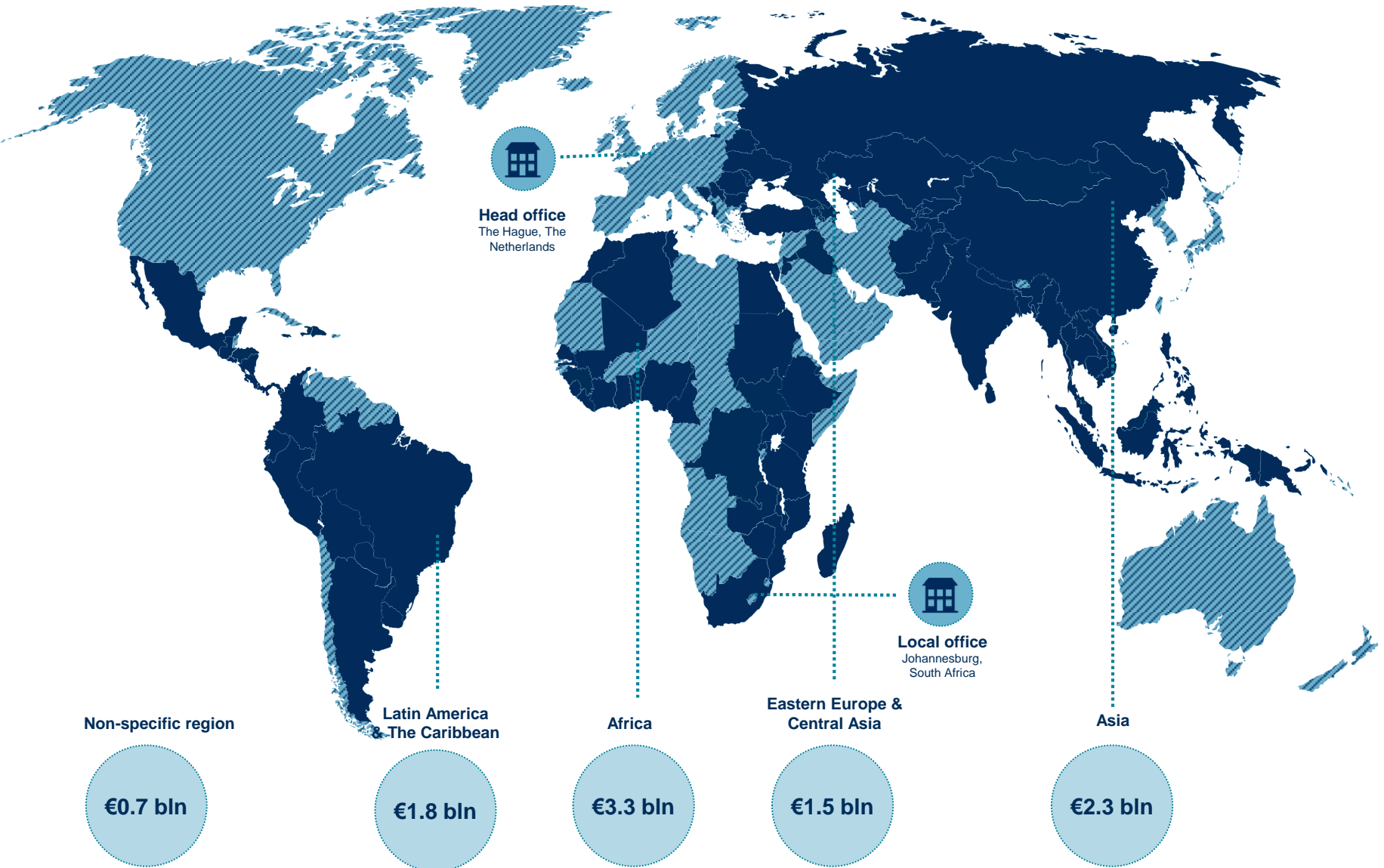


Funding
through bonds

Funding through
bonds issued in the
capital market



2018 total committed portfolio **€9.6 billion**





Gigawatt solar farm, Rwanda

PERFORMANCE

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615,000

direct and indirect
jobs supported



988,000

avoided greenhouse
gas emissions (tCO₂eq)



€600 million

Catalyzed
from third parties



36%

green investments as
share of total investments

Sustainable investing



Environmental Impact

.....

- Resource efficiency
- Energy efficiency
- Biodiversity
- Emissions to air
- Global energy issues
- Water/chemical usage



Social Impact

.....

- Diversity
- Human rights
- Health & safety
- Community relations
- Equal opportunity
- Respect for individuals



Corporate Governance

.....

- Board structure and accountability
- Internal controls, audit and risk management
- Management of conflicts of interest and related party transactions
- Accounting and disclosure practices
- Independence of external auditors



Economic Impact

.....

- Consistent profitable growth
- Shareholder value
- Risk management



Your **preferred partner** to invest in **local prosperity**



We invest in **local prosperity**

- Drive local prosperity through **climate action, decent jobs**, and **reduced inequalities**
- Focus on Financial Institutions, Energy and Agribusiness, food & water
- **Being additional** to commercial investors and requiring a market based return



We are your **preferred partner**

- For **entrepreneurs** to finance sustainable businesses and projects
- For **private and public investors** to co-invest and realize local impact
- For **stakeholders, including employees**, to contribute to a better world

Agribusiness, food & water

Investing across the agribusiness value chain and through our farmer finance program effectively reaching out to smallholder farmers.



Inputs
Seeds, Animal feed, Fertilized



Primary production
Crops, Livestock, Production, Fishing



Processing
Crushing, Storage, Handling, Packaging



Trade
Trading, Exporting



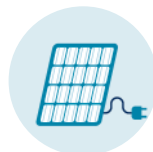
Distribution
Logistics, to Retail

Energy

Investing in long-term projects in the areas of generation and distribution



Wind



Solar



Hydro
(run-of-the-river)



Off-grid solutions



Resource efficiency & refurbishment

Financial Institutions

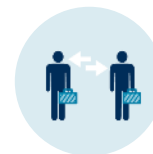
Investing in long-term financing solutions, increasing access to finance and supporting financial inclusion



(universal/ SME) banks



Microfinance



Leasing companies



Insurance companies



FinTech

STRATEGIC APPROACH

Agribusiness, food & water

Financial Institutions

Energy

SECTOR

We focus our investments across the value chain:

- enhancing food security
- supporting sustainability
- promoting inclusive development in an environmentally viable and socially inclusive manner.

We invest in financial institutions - ranging from universal banks to microfinance institutions:

- to support access of SMEs to financial services
- to address environmental and social impact of business operations
- to promote green development by extending credit lines dedicated to sustainable solutions
- to promote inclusive development focusing on rural outreach, women-owned businesses and Base of the Pyramid

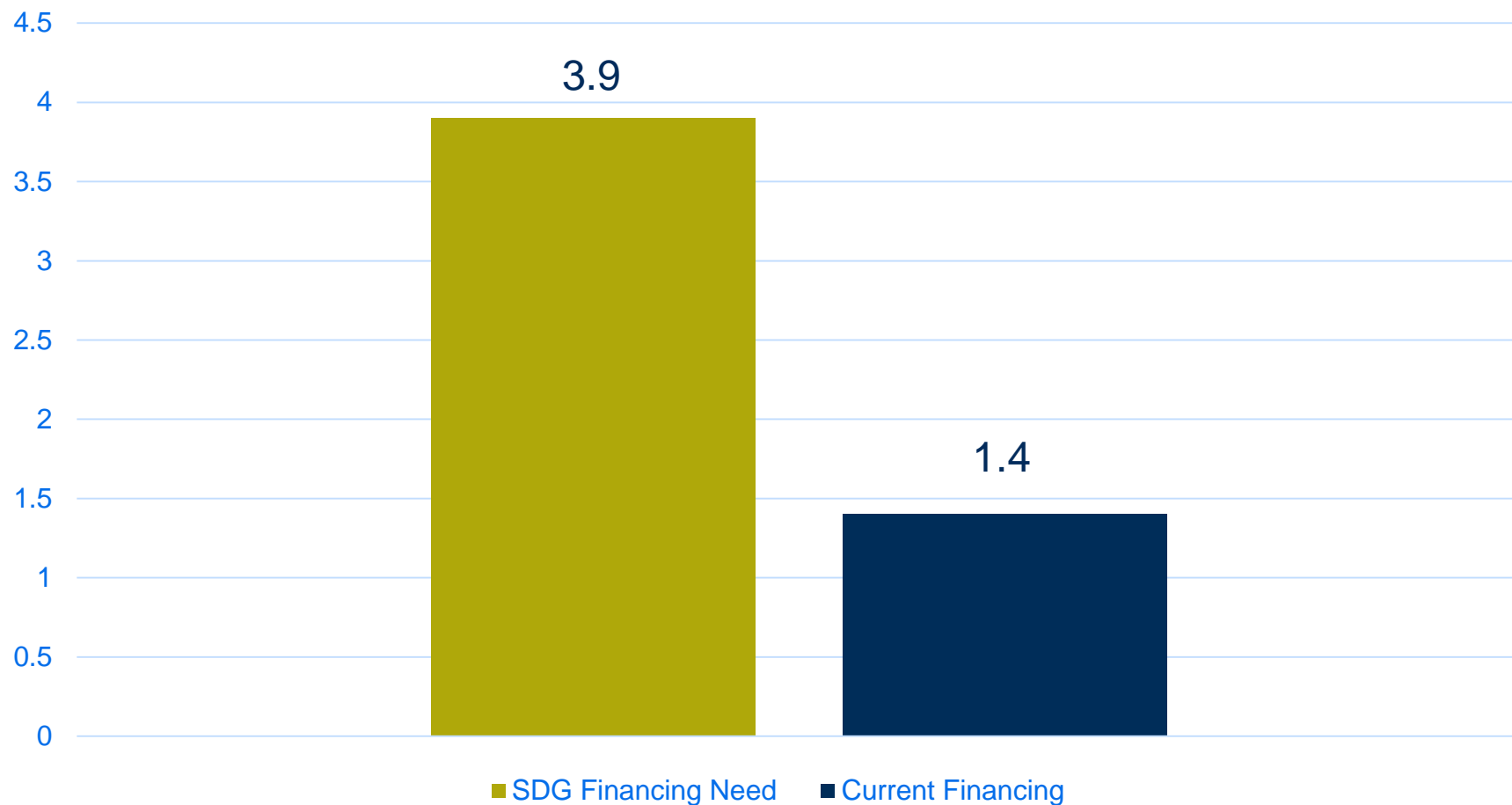
We offer a full range of financing solutions - (syndicated) loans and equity investments - for generation and distribution projects:

- Renewable energy projects
- Off-grid energy solutions
- Refurbishments and efficiency improvements
- Other projects only when in

2. FROM BILLIONS TO TRILLIONS

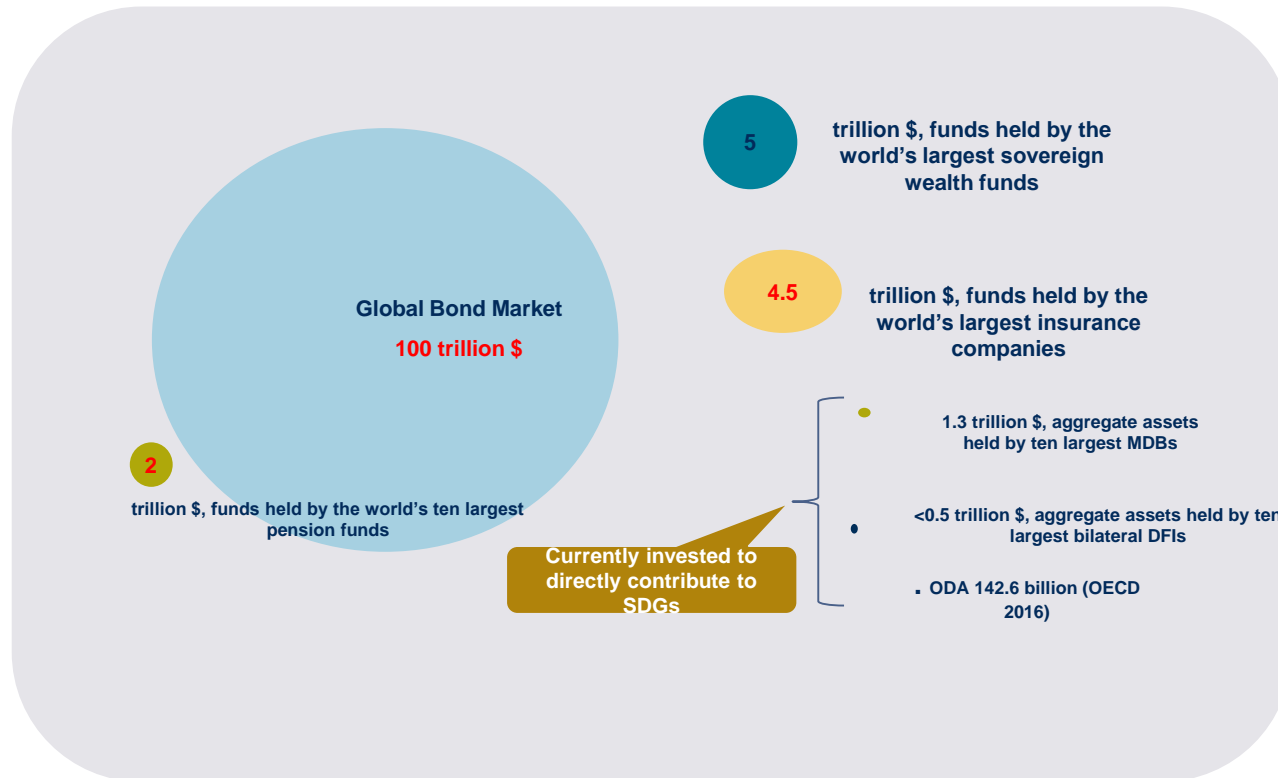
***HOW FMO AND ITS PARTNERS CONTRIBUTE TO
MOBILIZING PRIVATE FINANCE FOR
DEVELOPMENT***

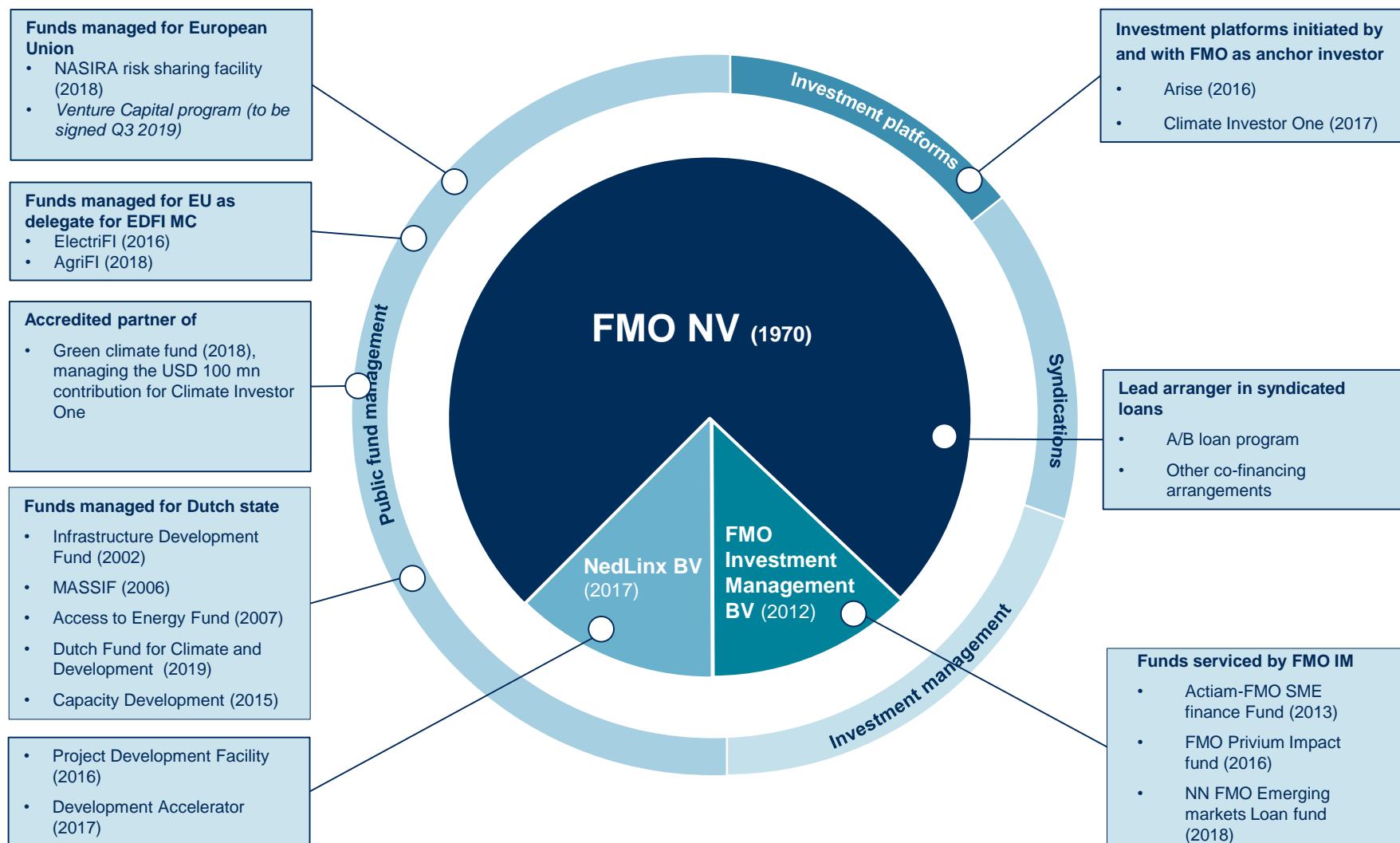
SDG Financing Gap



Blended finance is at the heart of attainment of the 2030-Agenda (which includes the SDGs), yet...

....only a fraction of global assets directly contribute to the realization of the 2030-Agenda





3. OUR PARTNERSHIP WITH THE EUROPEAN UNION

***BLENDING PUBLIC AND PRIVATE FINANCE FOR
DEVELOPMENT IMPACT***



NASIRA

- **Guarantee**
- **Financial Inclusion for Vulnerable groups, including irregular migrants and woman entrepreneurs**



VENTURE CAPITAL PROGRAM

- **Guarantee**
- **Support start-ups**

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Nasira

A new chance guaranteed





**Portfolio
Guarantee**



**Technical
Assistance**

Nasira
A new chance guaranteed

WHAT IS THE NASIRA PORTFOLIO GUARANTEE?



NASIRA: a Second loss Portfolio Guarantee

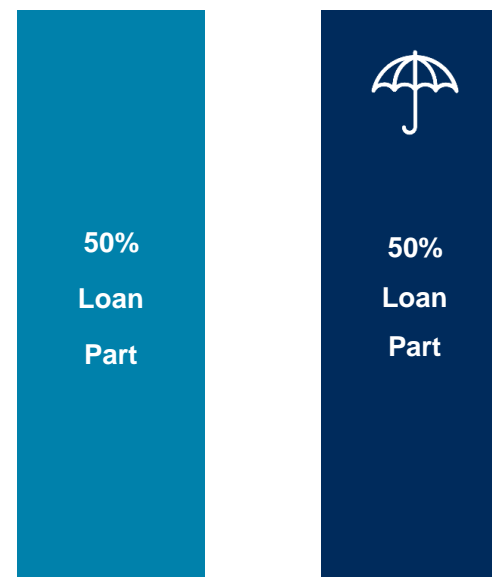
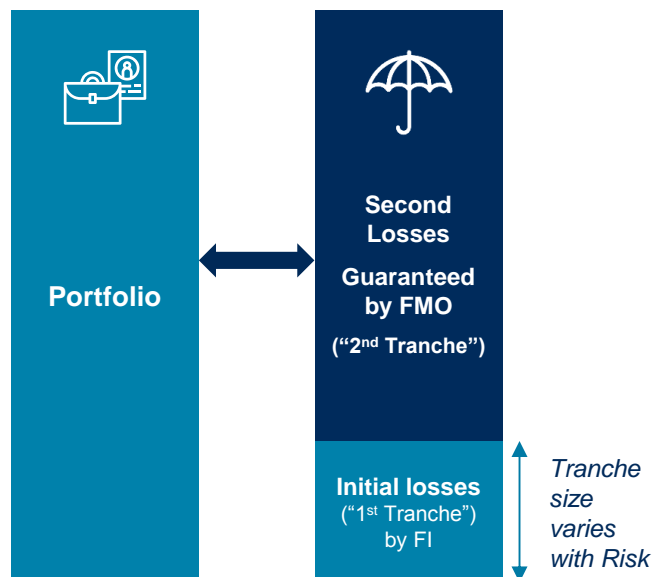
Two Loss Tranches:

- (i) The first loss Tranche (min 5%) by the FI absorbs all the first losses until depleted.
- (ii) The second loss Tranche (up to 95%) from FMO absorbs all other losses



Standard 'Pari Passu' Guarantee programs

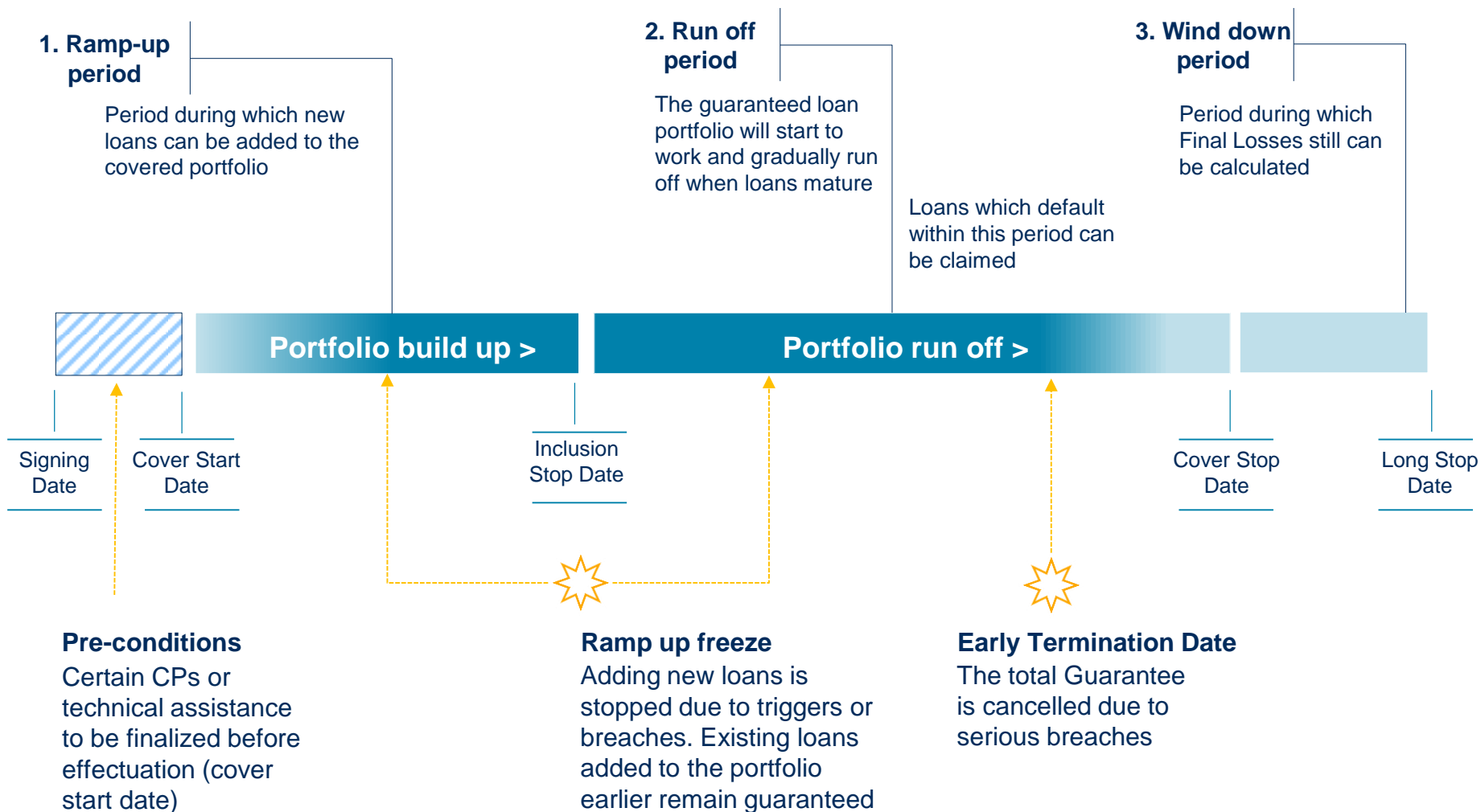
- (i) All losses are equally being shared between the Guarantor and the FI



NASIRA TRANSACTION TIMELINE



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2. TECHNICAL ASSISTANCE

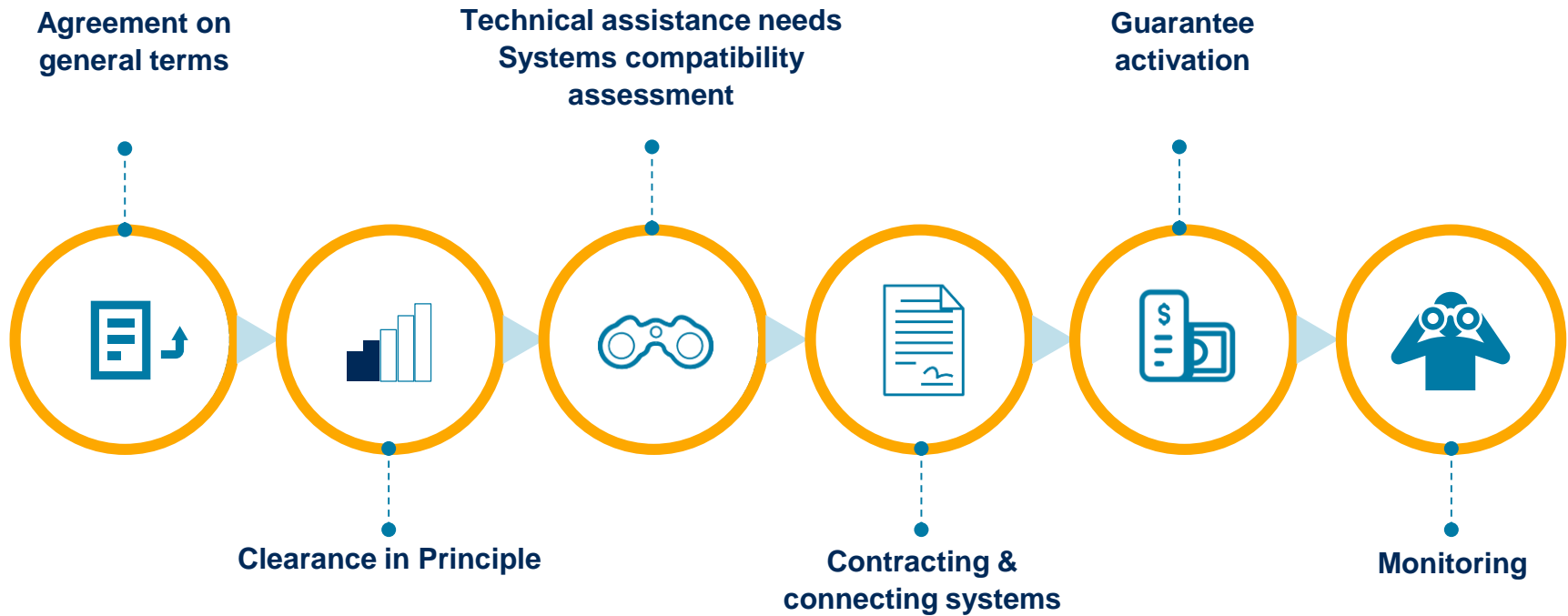


Tailormade technical assistance to support effective implementation of the portfolio guarantee and developing a successful value proposition:

Three areas of intervention:







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Venture Capital Program





FMO VENTURES PROGRAM

aims to empower **innovative business models** applying **disruptive technology** to enable affordable access to goods and services to the un(der)served in emerging markets.

KEY FEATURES

- FMO Ventures offers **life cycle financing** to high potential start ups and scale ups complementing FMO's product range
- **Strong alignment with SDGs** and **blended financing** approach justify high investment risk and dedicated approach



Fintech



Agritech



Off Grid



VC Funds

FMO VENTURES PROGRAM aims to empower **innovative business models** applying **disruptive technology** to enable affordable access to goods and services to the un(der)served in emerging markets.

WHY

Innovative technology-enabled solutions and disruptive business models enable accelerated **AFFORDABLE ACCESS** at scale to a host of products and services for un(der)served segments of the population in emerging markets; high impact potential and strong alignment with SDGs.

WHAT

Investing in ventures – start ups and scale ups – enables **LIFE-CYCLE FINANCING** and complements FMO's existing product offering; asset class is nascent in emerging markets and the high-risk nature of venture investing requires high diversification and an ecosystem approach.

HOW

EUR 200 mln – 5 year investment period - 50% direct and 50% fund investments

Direct investments: Fintech 33% - Off Grid Energy 33% - Agritech 33%

Dedicated Ventures Team established including sector specialists

Blended financing structure pursued to mitigate high investment risk

Technical Assistance Facility for ecosystem & investee support

Geographical focus on Africa (~60%) and Asia (~40%)

FMO Ventures
Program



New technologies enable affordable access to a broad range of goods and services to un(der)served people

High mobile phone penetration and increasing internet access (e.g. smart phone) in emerging markets have created an **effective delivery platform**

Innovative solutions and disruptive business models allow for **“leapfrogging”** in emerging markets

Creating affordable access to:

Finance



FINTECH

Energy



OFF GRID ENERGY

Farmer Inputs, Knowledge & Marketplaces



AGRITECH

As well as to Education – Healthcare – Mobility etc

FINTECH



Solutions:

- Alternative balance sheet
- Lenders
- Credit scoring
- Marketplaces
- Crowdfunding platforms
- Online / mobile payment processing

OFF GRID ENERGY



Solutions:

- Solar Home Systems (SHS)
- Mini grids
- Solar irrigation
- Solar solutions for MSMEs
- Clean(er) cooking solutions

AGRITECH



Solutions:

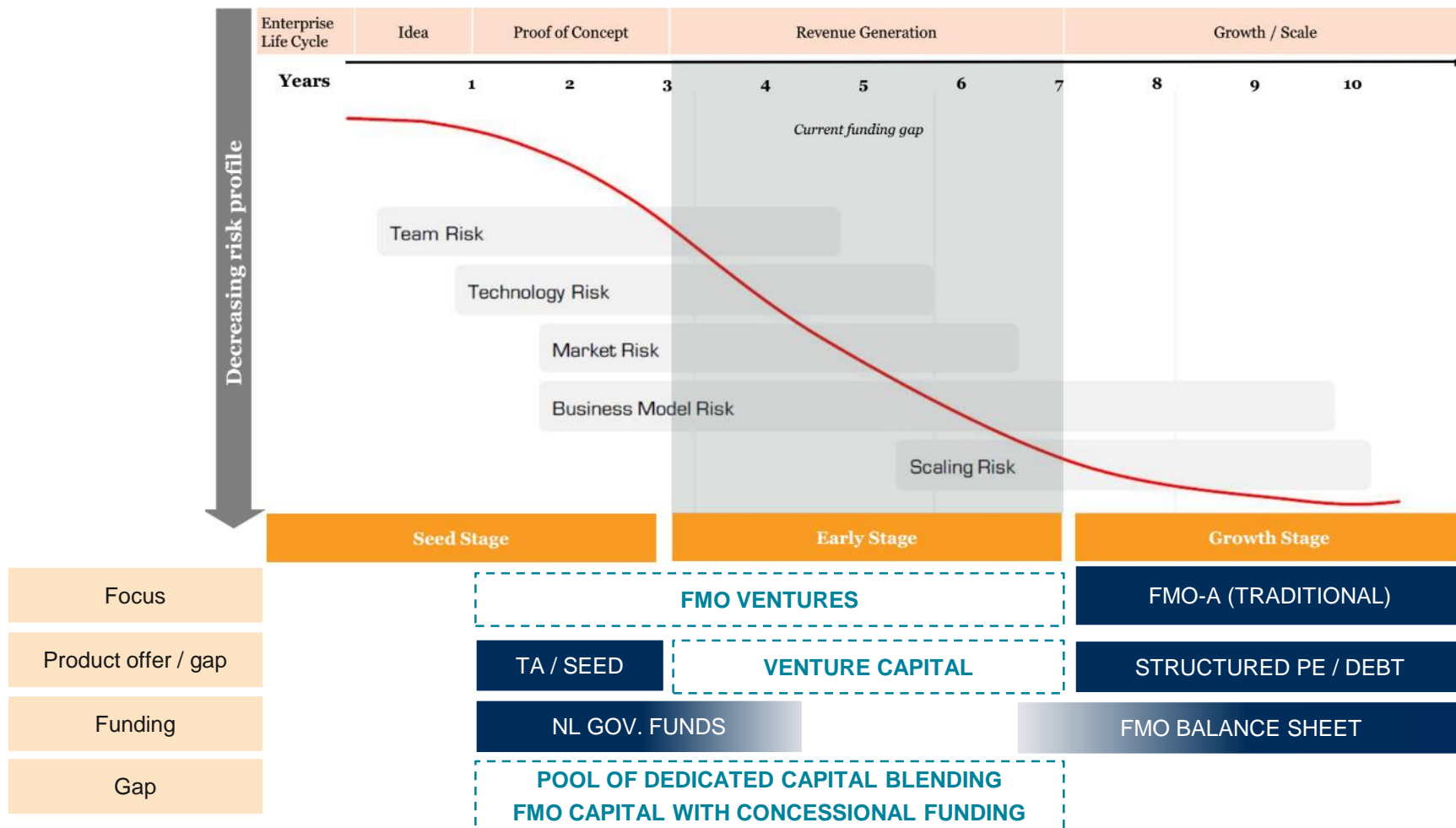
- Access to Agribusiness Marketplaces
- Digital Platforms
- Soil sampling
- Agronomy Advice
- Farm Management
- Remote Sensing
- Internet of Things

Complemented by **VENTURE FUNDS**, offering solutions for Education – Healthcare – Mobility etc.



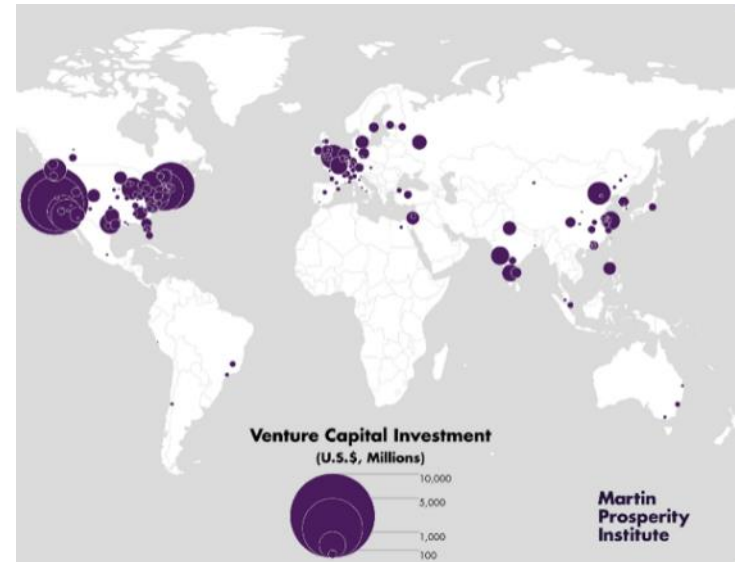
FMO VENTURES - ENTERPRISE LIFE CYCLE FINANCE

Attracting financing is difficult even for high potential entrepreneurs, given that the sustainability and scalability of their business models are often only partially proven

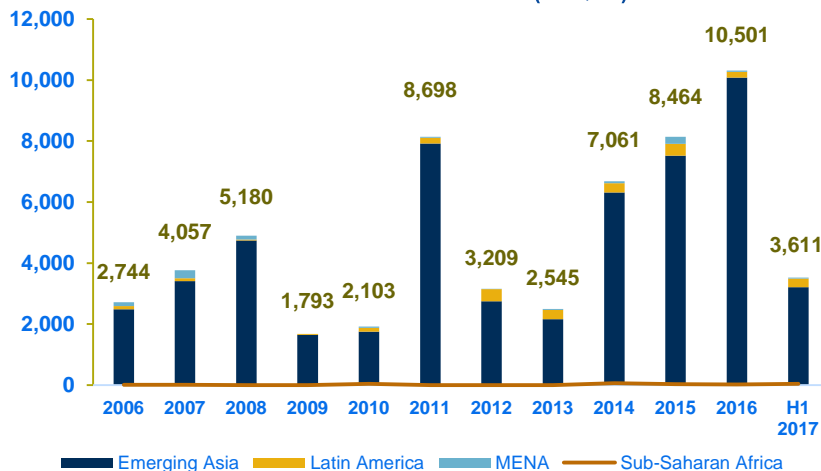


VC IS SCARCE IN MOST EMERGING MARKETS

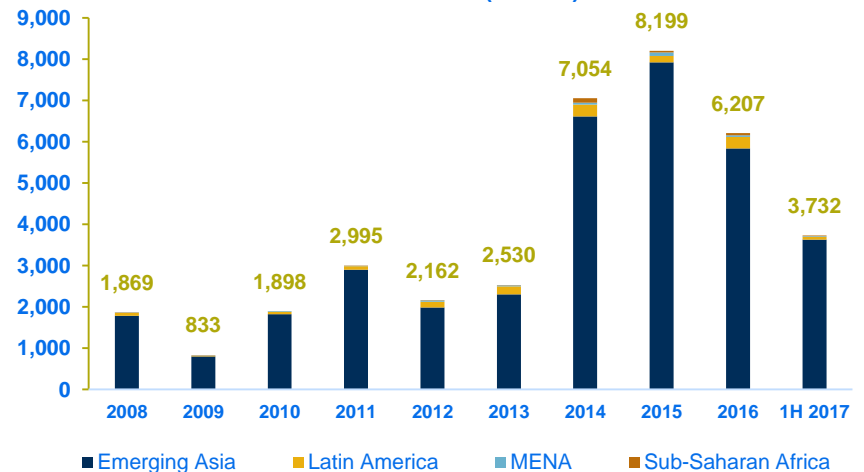
- VC investments are mostly concentrated in developed markets and have a **significant contribution to the growth** of these economies
 - VC backed companies represent a significant % of GDP (revenues generated of ~20% of US GDP) and contribute to long term job creation (~38% of US employment);
- Overall fundraising and investment for VC in emerging markets is increasing over the past 5 years, but it is fully driven by **Emerging Asia (mainly China and India)** and still nascent in the **other emerging markets**, where there is an important role to play for FMO;



EMERGING MARKETS VENTURE CAPITAL
FUNDRAISING 2006-H1 2017 (US \$ M)



EMERGING MARKETS VENTURE CAPITAL INVESTMENTS
2008-H1 2017 (US \$ M)

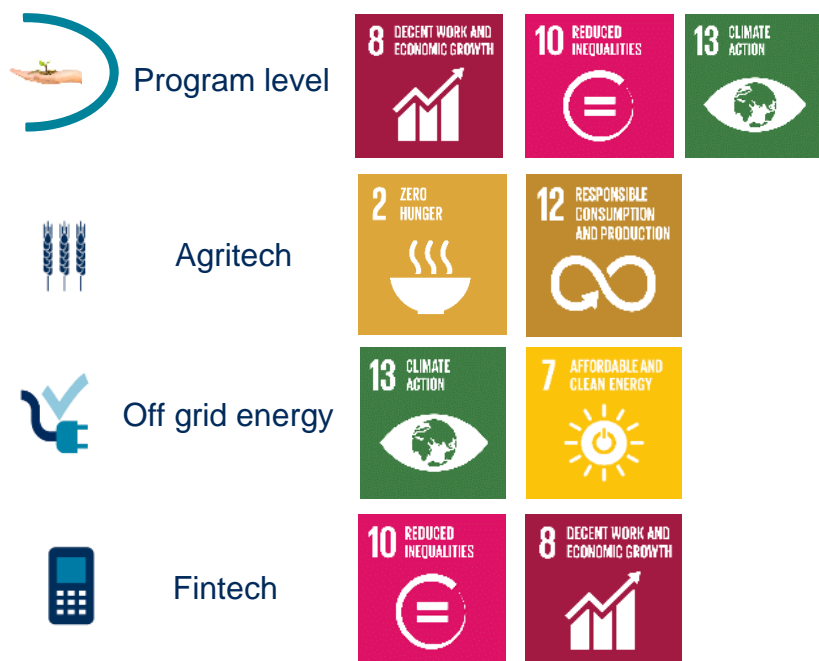


Source: EMPEA, as of Jun-2017

FMO Ventures Program will seek to contribute to **FMO's higher impact agenda and goals:**

- Impact framework to be determined but **SDG-based** with a strong link to the Government Funds
- Expectation is that the recently introduced **reducing Inequalities label and existing green label** will be very relevant and applicable to the Ventures strategy (i.e. innovative solutions for the BOP, off grid power, smallholder finance, youth finance)

The direct investment strategy contributes to



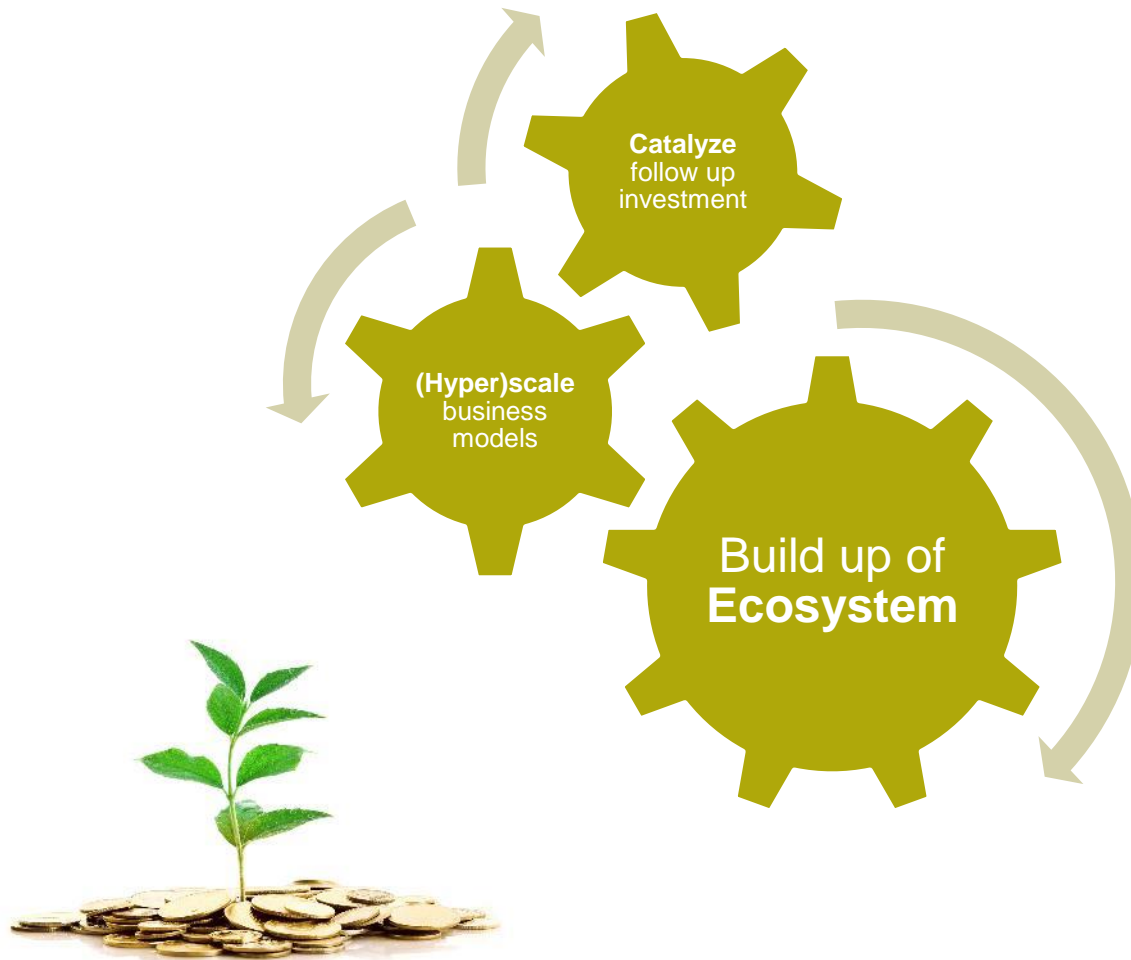
The indirect investment strategy and technical assistance facility contribute to

environmental

socio-economic

governance





Your preferred partner to invest in local prosperity



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