

# annual report 2018

## the quest for a better life



**BIO**



Belgian Investment Company  
for Developing Countries

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# the search for balance

## *a word from alexander*

As a politician, I'm used to walking a tightrope, but that's nothing compared to the funambulatory skills of Belgium's Development Finance Institution BIO in balancing the good and the gain.

Healthy companies obviously require growth and profit. But BIO's mission set it on a challenging quest for balance between this focus on profit and the commitment to a sustainable and inclusive society in least developed or emerging countries. It is a delicate mix that pervades all of BIO's activities and constitutes its DNA. And, much like it is for a tightrope walker, or a cyclist for that matter, to keep your balance, you must keep moving.

And that has indeed been my policy over the last few years. We chose to implement BIO's experience and expertise further and wider than ever, with a strong focus on sustainable and inclusive economic growth. The European seven pillar assessment, attained by BIO late 2018, proves that it is indeed fit for purpose.

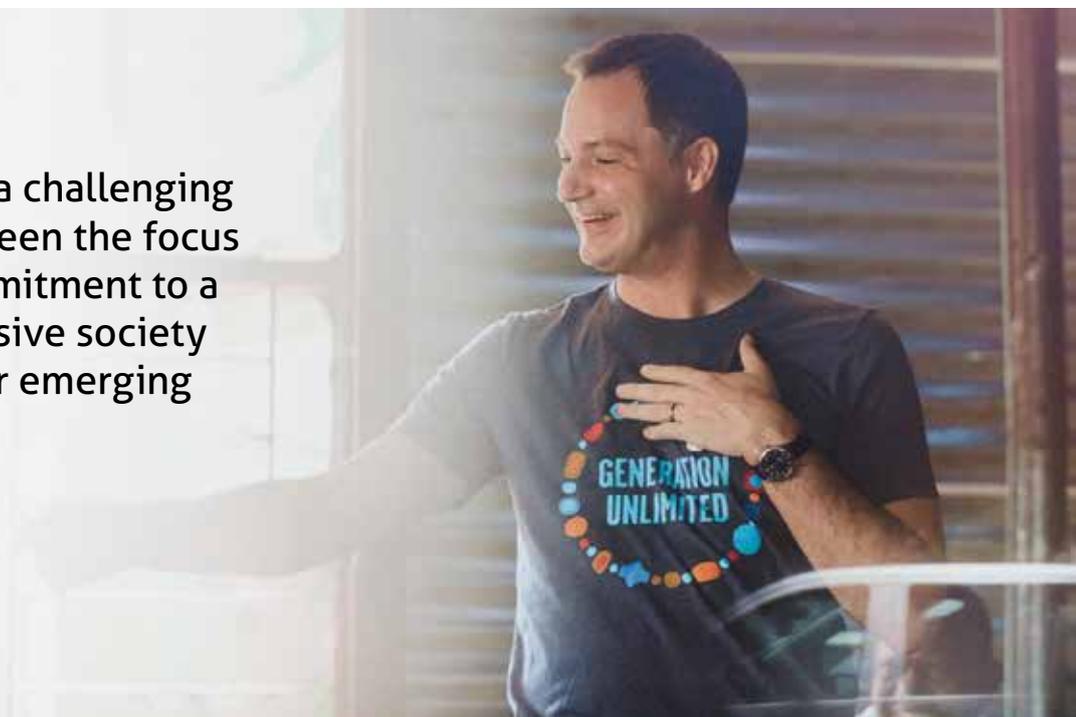
Last year, we also saw a major and exhaustive new BIO law and management contract through parliament that not only allows BIO to share its expertise with the Belgian development cooperation, but also with third parties. Moreover, the current BIO law and management contract allow for a new investment facility, which unlocks investments in smaller, more risky projects which have a larger development impact.

Indeed, for BIO, the year 2018 was truly innovative. The very first SDG Frontier Fund raised no less than 22.5 million Euros of private capital on its first call. This Fund will further strengthen the catalysing role of the company, as it enables private capital to co-invest with BIO. The Frontier Fund will follow BIO's high standards in governance, social, and environmental practices, making this a partnership that is fully aligned with the Sustainable Development Goals. This is another example of the search for a fine balance, this time between the role of the Belgian state and that of the private sector in leveraging development and growth.

All these changes will permit BIO to better connect with private impact investors and other development actors alike leading to stronger partnerships which are at the core of my development policy. BIO is now fully equipped to strike this balancing act with bravura and to accept the challenges of the future.

Alexander De Croo  
Deputy Prime Minister and  
Minister of Finance & Development Cooperation

BIO's mission set it on a challenging quest for balance between the focus on profit and the commitment to a sustainable and inclusive society in least developed or emerging countries



# 2018 highlights

BIO decided on 22 new investments for a total of € 150 M.

- participation in two funds offering venture capital to new and promising companies in the fields of digital solutions for agriculture, financial services, and data management.
- investment in a company providing African students with a launchpad to the world's best universities by enabling them to obtain the international baccalaureate.
- investment in a company supporting small-scale farmers in northern Nigeria. Economic development in this region counterbalances the influence of the radical Islamist Boko Haram .

BIO monitored 83 outstanding loan investments. BIO employees also personally participated in boards and committees of its 52 equity investments.

BIO's Special Operations team intensively accompanied clients in trouble. They managed to reduce BIO's total provisions for the company's outstanding investments from 5,96 % (2017) to 5,02 % (2018).

BIO granted 10 subsidies totalling € 850,000 to new capacity building and technical assistance projects.

15 loans were reimbursed and 6 equity investments were exited.

BIO established a new facility for investing in small projects with a particularly high development impact but with high risks and relatively lower expected financial return.

In 2018, investment capital grew thanks to a capital injection by the Belgian State of € 61 M, of which € 20 M was earmarked for investments to combat climate change. Furthermore, the substantial net gain of € 67.8 M of 2017 on an investment in a Cambodian MFI was converted into capital, bringing BIO's means available for investment to € 937.7 M.

BIO has a brand new logo. The colours signal we are Belgian. Its style refers to our affiliation with Belgium's development cooperation.



# the quest for a dignified life

## *a word from luuk*

One of my most vivid youth memories is being entrancingly immersed in the exploits of Frodo and his fellow hobbits. Reading the more than 1,200 pages of this epic novel made me lose many hours of sleep. Way past midnight and high up in my attic room, I was spellbound by the heroes' adventures to outfox the Lord of the Rings. Their adventures are an excellent example of a Quest: an arduous journey in search of an elusive grail, fraught with obstacles, surprising developments, and exhilarating experiences.

In fact, the quest metaphor aptly characterises the efforts of the poor and marginalised in developing countries to achieve a dignified life for themselves, their family and their children. There are often stories of meagre resources, lack of information, of larger-than-life challenges, of being plagued by illness, exploitation, or catastrophe. Much as their Quests' objectives are clear – a decent income, quality food, education and healthcare, opportunities to grow, share and experience happiness -, getting there are journeys into unknown, uncharted destinations.

Fortunately, in recent decades, these journeys increasingly succeed. Since 1990, poverty around the globe has halved, hunger becomes ever less endemic, and hundreds of millions are advancing from a basic survival mode into a more meaningful well-being.

Nevertheless, to this day, 1.3 billion people on our planet still live in extreme poverty. Some 750 million of them regularly go very hungry. About half of the world's population - 3.5 billion people – cannot access the most basic health care services. There are 130 million girls out of school, and over 620 million young people between 15 and 24 years old that are neither studying, nor training, nor working.

These people and their quests for a better life are the reason why BIO exists. It is our vision that everybody on this planet lives in dignity.

Our central instrument to achieve our mission is investing. Yet even with almost two decades of successful projects, every new investment is a challenge. The people at BIO spend weeks, and often months, searching for ways to deal with the many imponderables. We must anticipate every worst-case scenario and how to deal with them. We must develop solid relationships with all parties involved,

strong enough to withstand adversity during the 5 to 15 years of the investment period. And, once invested, we follow up on our investees' adventures, cheering them on when they are successful and lending them a hand when times are tough. ►





## Girls and women

The Quest for a better life is particularly daunting for many girls and women around the globe that not only have to overcome poverty, but also discrimination. While BIO has always been aware of the issues surrounding gender, in 2018 the gender gap topic became top-of-mind again with the publication of “The Age of Women”<sup>1</sup> by our supervisory minister De Croo.

Worldwide there are still less girls that go to school than boys. Girls are still too often kept at home to help in the household or on the fields. Or, they are being sent to sweatshops, ironically earning the money to get their brothers through school. Instead of a professional education and a meaningful job, too many girls still have to make do with early marriage, premature motherhood, total financial dependence on their husbands and sons, and physical and sexual exploitation.

BIO has already been investing in a number of projects that enable women to start or expand their own business by giving them access to finance. BIO was instrumental, for example, in the success of Annapurna and Enda Tamweel, microfinance institutions in India and Tunisia. We encourage our clients to employ and train more women, to create more opportunities for women in management and board positions, and to make special efforts to have their business benefit women and girls. Because

women are still confronted with disproportionate hurdles when trying to gain access to capital, healthcare, education, or career opportunities.

Like many other investors, BIO is exploring and learning how it can better contribute to equality in access and opportunity. How, for example, can we respond to women’s needs for venture capital, and its high inherent risks? What are effective ways to enable women to fully share the fruits of family farms?

In 2018, BIO set up an internal task force to increase staff awareness on gender issues and draft both a corporate and an investment gender strategy. BIO’s additional efforts for a gender-positive impact of its investments are part of its broader quest for a better life for people who go hungry, who lack access to education, health care and capital.

The quest for a dignified life is an arduous one. The grail may be elusive, and the path fraught with obstacles, surprising developments, and exhilarating experiences. Frodo and his travel companions did not have it easy.

BIO’s quest is about supporting the least favoured, still half of the people on this planet, on their journey. We’ll keep you posted on how we fare.

Luuk Zonneveld  
CEO BIO N.V.

<sup>1</sup> Alexander De Croo (2019): *The Age of Women. Why Feminism also Liberates Men*, Brussels: ASP VUB PR, 176 pp.

# there and back again

## *a word from omobola*

I was very fortunate. I make no bones about it. I was born into a hard working family and had access to the best education available. Growing up, my parents were very clear that their children would not be raised as 'children of privilege'; born with silver spoons in their mouths. All of us had to go out and make an impact in this world. Today, I know they would be proud of us and how we've channelled their earliest wishes for us all to be impactful.

My parents wanted their children to see the world and be exposed to different cultures. After our high school years were spent in Nigeria, they sent us to school and university in the U.K, a country they were both familiar and comfortable with, having also completed part of their higher education there, largely as a result of Nigeria's colonial past. My brother 'rebelled', and went to university in the US!

But one thing was always clear, to my parents, to us, and now also to my children; we were always going to return to Africa. We were not going to 'donate' ourselves to countries that were already developed. At the end of the day, regardless of privilege and our education, we are Africans and we have an even greater responsibility to develop the continent. This is central to everything we have worked towards.

Every country, every continent, must have its own path of development. We cannot simply replicate what other countries have done. African development cannot follow the same path as that of the U.S. or indeed Europe. We have to adapt; we have to understand the markets and cultural nuances [and challenges] within which we operate. And we have to 'leapfrog' from where we are to where we need to be.

I believe that technology is going to help us do so. Lagos State should be commended for what they are doing to support Nigeria's ability to 'leapfrog', with the development of a technology cluster in Yaba, a strategically located district in Lagos that today has the highest concentration of tech and tech related companies in the country. The Lagos State government is supporting the building out of infrastructure to really make Yaba a tech cluster – terrestrial fibre, 24/7 power and work spaces for tech companies, incubators and accelerators to support innovation and the scaling of tech companies. The expectation is that this catalytic effort will attract further investments from private companies and perhaps encourage more State governments to do the same, whilst cultivating an environment for business growth, technical excellence and technology innovation.

Crucial in our ability to 'leapfrog' is the development of local skills and talent required to function in, support and sustain our digitally-led development. Nigeria has to prioritise the development of Science, Technology, Engineering and Maths (STEM) skills, especially in our large youth population. ▶



## Women in STEM

My personal career has been, and continues to be, centred in the STEM field. Unfortunately, it continues to be overwhelmingly male dominated, although we are now seeing more women breaking through into the sector, ensuring we are better represented than ever before. However, we have much more to do, to ensure women can participate meaningfully in the digital economy and deliver a genuine impact.

I am a firm believer that role modelling is an effective means of achieving this, especially for women. For instance, if women see me, Omobola Johnson; an engineer, a former minister for ICT in Nigeria and a Senior Partner in a tech VC firm, then they can start formulating their own plans for their own career trajectories; they know that it is possible for women to achieve these feats, because they've seen someone else do it. I hope they feel inspired and confident to beat their own path, and subsequently go on to inspire others.

I am regularly approached by young women who are looking for mentorship and I am always happy to oblige and support them. It does take time, but it is important and extremely gratifying for me, not only in the STEM field but also in business and now even in the public sector, especially after my short stint in government. My desire is that we get to the point where the news that a woman has just been made CEO of a company or elevated to a senior leadership position, or elected as President of a country, is a business celebration and not a gender-based celebration – much the way it is with men.



## Private capital

Apart from a skilled workforce, we also need private capital to build businesses, businesses that will employ people, that will offer services that people really need and that will scale and make a significant impact on the wider economy. Development Finance Institutions like BIO are very useful here. They are able to take a long-term view and make long-term investments, corresponding to the specific context of the country involved. This then catalyses other private investments. If a DFI brings in money, others will think, “something must be happening here” and this acts as a stimulus for further activity. This allows us to keep pushing the technology agenda and to ‘leapfrog’.

Private capital is also welcome because it demands greater efficiency. After the Nigerian telecoms market was liberalised in the early 2000's, over 70 billion dollars of private capital has been invested in the ICT industry in Nigeria. In this sense, it is this private capital that has put mobile phones into the hands of almost 70% of the Nigerian population. This mobile penetration is now supporting the creation of tech companies that are providing services on this platform – creating jobs and attracting more investments and facilitating our digital transformation and development.

The opportunity to deploy capital to these companies and entrepreneurs, to help them grow and scale is an exciting one, and I am very much enjoying my role as a partner in TLcom Capital, a tech VC firm with a recent focus on Africa, after being a policy maker advocating for this very thing when I was Minister for ICT in Nigeria. The private sector allows me to make direct impact, working with some of the continent's most exciting entrepreneurs who are critical to re-shaping our economy.

Dr. Omobola Johnson  
Partner TLC Venture Capital Fund  
and former minister of ICT, Nigeria

# about BIO

## our mission, our values, our core

### Our mission

... is to support a strong private sector in developing and/or emerging countries, to enable them to gain access to growth and sustainable development within the framework of the Sustainable Development Goals, with a specific focus on the following:

1. End poverty in all its forms everywhere
5. Achieve gender equality and empower all women and girls
7. Ensure access to affordable, reliable, sustainable and modern energy for all
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
10. Reduce inequality within and among countries

We invest directly in private sector projects and as such make a structural contribution to the socio-economic growth of their host countries. BIO's mandate requires strict criteria in terms of geographical targets, financing tools and, above all, impact on development.

In developing countries, the informal economy is proof of great dynamism. However, access to long-term finance and capital is limited or inaccessible for a large part of the population. In fact, the banking system is often unsuited to the needs of small entrepreneurs and does not support the emergence of income-generating activities.

Support for the private sector is therefore an essential link in the development cooperation chain, as it drives economic growth. By producing goods and services, local enterprises help improve the population's living standards, accelerate technological developments and lower prices by stimulating competition and increasing the country's tax base, which is essential for financing infrastructures, education and health.

### Our Values

#### Open-mindedness

We are open to the world, to new projects and ideas; we value diversity

#### Responsibility

We hold ourselves accountable for everything we do; we keep our promises and deliver excellence

#### Determination

We want to fulfil our ambitions, coming up with innovative solutions, daring to be bold and taking the initiative

#### Sustainability

We want to create value shared by all our stakeholders, develop long-term collaboration and achieve lasting solutions

### Our footprint

On a corporate level, every year, an independent consultant tallies BIO's own CO<sub>2</sub> emissions (office heating, air travel, paper usage, etc).

In 2015 and 2016 the CO<sub>2</sub> emitted was offset by supporting a cooking stoves project in Uganda ([www.savingtrees.org](http://www.savingtrees.org)). In 2017, an investment in the Paradigm project, which sells improved cooking stoves and water purifiers ([www.theparadigmproject.org](http://www.theparadigmproject.org)), earned BIO the CO<sub>2</sub> neutral certificate for the third year in a row. For 2018, BIO's carbon footprint was 828 tonnes of CO<sub>2</sub>-equivalent, which was almost 200 tonnes less than 2017, thanks to - amongst others - a greater effort to travel more consciously. It will be offset by supporting cooking stove projects.



# about BIO

## we are



### impact investors

Promoting an entrepreneurial approach to development



### customer focused

Focus on the entrepreneur, the client, the project, on improving environmental and social performance



### a Development Finance Institution (DFI) complementary to other DFIs

Focus on investing in SMEs  
directly & indirectly  
(starting from € 1 M)

Polyglot and multicultural  
(10 nationalities)

Simple and fast decision process

Strong knowledge of  
Central Africa



### additional to private investors

Focus on SMEs

Long-term investments  
(5-15 years)

Technical Assistance

Expertise to evaluate/manage higher structural risk  
in developing countries

Focus on development effects with decent ROI



# development finance

Job creation is the major channel through which economic growth has helped countries escape extreme poverty in recent decades. Indeed, the critical roles of the private sector and of private capital are fully recognised in the SDGs.

BIO is a DFI, a Development Finance Institution; DFIs are government-backed institutions that invest in private sector projects in low and middle-income countries in order to promote job creation and sustainable economic growth.

Private sector investments have many direct and indirect benefits, showing both a bottom-up and a top-down effect: the creation of jobs (direct

employment) leading to further job creation in supplying or supplied companies (indirect employment and the expansion of the product value chain); increased profits, leading to increased government revenues; improved environmental, social and governance standards, acting as an example (demonstrator) in the region; access to basic public goods and services, often linked with an improvement of the local infrastructure.

## DFI investments are guided by three success criteria

	DFI approach	What it means	How it works
	<b>Additionality</b> Going where other investors don't	Investing in underserved geographies, sectors and segments, e.g., <ul style="list-style-type: none"> <li>• Least developed countries, Africa, (post-)conflict states</li> <li>• Financial sector, agribusiness, etc.</li> <li>• SMEs</li> </ul>	The long-term approach enables DFIs to invest in higher risk segments in developing countries
	<b>Catalytic effect</b> Paving the way for others to follow	Demonstrating to other investors how to conduct investments in high risk environments Being the first movers in underdeveloped sectors Mobilising other investors	DFIs' expertise, standard-setting and knowledge-sharing enable others to invest in developing countries
	<b>Project Sustainability</b> Reducing the dependence on aid	Building sustainable and growing sources of tax income for governments Promoting high ESG standards	Help build sustainable sources of tax income for local governments Serve as channels for responsible policy implementation



# EDFI

## *a story of european development finance institutions*

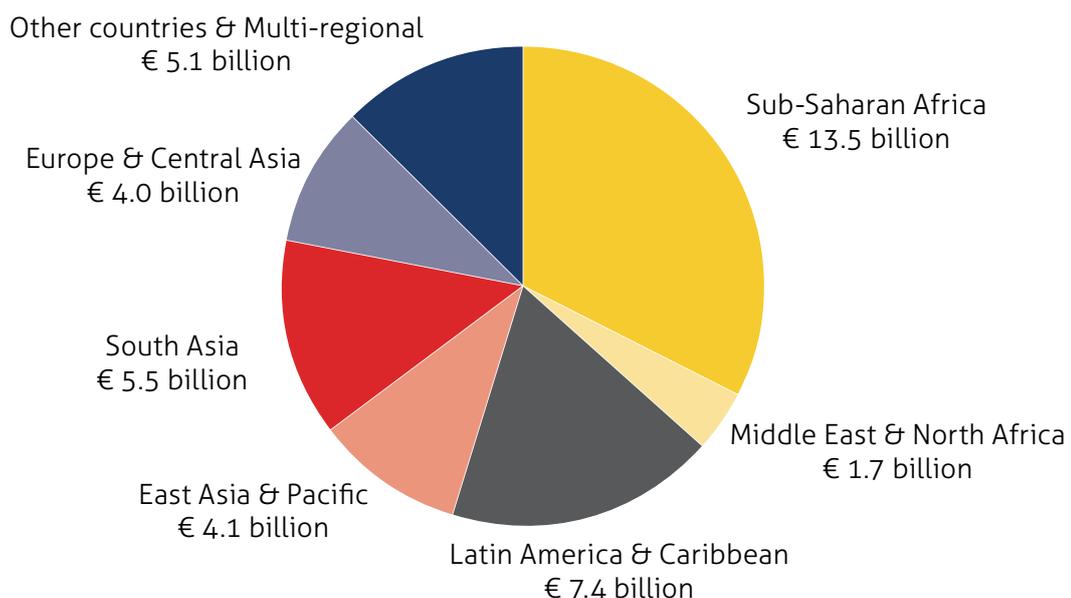
The Association of the European Development Finance Institutions (EDFI) was created in 1997 by seven European DFIs to strengthen cooperation and to facilitate knowledge-sharing and learning. Other institutions progressively joined the Association, which today has fifteen members: BIO, Belgium - CDC, United Kingdom - COFIDES, Spain - DEG, Germany - FINNFUND, Finland - FMO, Netherlands - IFU/IØ, Denmark - NORFUND, Norway - OeEB, Austria - PROPARCO, France - SBI/BMI, Belgium - Sifem, Switzerland - SIMEST, Italy - SOFID, Portugal - SWEDFUND, Sweden

# EDFI

EDFI aims to play an important role in helping members respond to the new development paradigm by stepping up its communications and adding more resources. EDFI has a Management Company which manages ElectriFI and AgriFI, EU-funded facilities to support energy access and agri-business, with further facilities in the pipeline.

### European DFI portfolio 2018

consolidated portfolio	number of investments
€ 41.2 billion	5,665



# advancing towards the sustainable development goals

In 2015, the United Nations adopted 17 “Sustainable Development Goals”, to be reached by 2030. BIO supports and contributes to all of them, both directly through its investments and indirectly through partnerships with stakeholders.



BIO invests in private sector projects and contributes in a structural and positive way to the socio-economic growth of the host countries and their population, in line with SDG 1 *No Poverty*. To achieve its mission, BIO invests in SMEs, infrastructure (mainly renewable energy) and the financial sector (investment funds, microfinance and SME banks), thereby contributing to SDGs 5, 7, 8, 9 and 10. Depending on the sector, BIO's activities contribute to additional SDGs. Moreover, BIO works together with its clients to adhere to international Environmental, Social and Governance (ESG) best practices and standards.



BIO invests in projects that provide women with better access to quality employment, finance, products & services that address critical barriers to their economic participation and success. In 2018 BIO approved investments in two financial institutions and a fund that will support female entrepreneurs & promote female education, female employability & empowerment.

In 2018 BIO approved a participation in a fund that will invest in energy efficiency and clean energy sectors. Its emphasis will be in 4 key sectors: energy efficiency, the clean energy value chain, water, and environmental products and services (waste, food & agriculture, logistics and materials).



All of BIO's investments are contributing to local economic growth through job creation, increased production, a positive impact on exports and access to financial services. The private sector plays a critical role in supporting and creating jobs and increasing wages, thereby laying the foundation to reduce poverty.

BIO investees benefit from a know-how transfer and capacity building. An investment in a fund approved in 2018 will focus exclusively on technology-enabled services & innovation. Technology companies can also significantly improve the lives of rural communities with solutions that improve productivity, reduce expenses & hard labour, improve offtake, and reduce exposure to risks.



Microfinance institutions reach more low-income individuals and/or are active in remote rural areas. BIO approved four microfinance projects in 2018 that promote local economic growth and the financial inclusion of small and medium sized enterprises.

# changing the world one bite at a time

Making Belgian chocolate even better and more sustainable. This is the joint ambition of the Belgian chocolate and retail sector, civil society, social impact investors and universities. Under the impetus of Deputy Prime Minister Alexander De Croo, they signed the Beyond Chocolate partnership for sustainable Belgian chocolate in 2018. With their signature, they commit themselves to tackling child labour, combating deforestation and ensuring a liveable income for local cocoa producers.

Belgian chocolate is known at home and abroad as a high-quality product. However, in addition to the best quality, consumers of Belgian chocolate also need to be able to count on the maximum sustainability of the product. That is why Deputy Prime Minister Alexander De Croo took the initiative for Beyond Chocolate, a partnership that aims for sustainable Belgian chocolate. Sustainability organisations The Shift and the Sustainable Trade Initiative IDH played a coordinating role in the creation of Beyond Chocolate.

## Commitments

With Beyond Chocolate, all signatories commit themselves to working together on a whole range of challenges in the field of sustainable chocolate, such as tackling deforestation, child labour and guaranteeing a liveable income for local cocoa products. In concrete terms, this means that all Belgian

chocolate produced or traded in Belgium meets a relevant certification standard or is produced with cocoa products from company-specific sustainability programmes by the end of 2025 at the latest.

The agreements between governments and private partners that fall under the Cocoa & Forests Initiative must also be fully respected by the end of 2025 at the latest. This mainly concerns ending deforestation in the two largest cocoa producing countries, Ghana and Ivory Coast. Deforestation as a result of cocoa production for the Belgian chocolate sector must end by 2030. By then, all cocoa producers must also earn at least a living income.

## SDG Charter for International Development

Beyond Chocolate builds on the Belgian SDG Charter for International Development, which was launched two years ago and brings together the private sector, civil society and government around the 17 SDGs of the United Nations.

# the BIO development goals

In order to structure and document the development rationale of BIO's investments, BIO uses its in-house ex-ante development assessment tool. It indicates how and to what extent the investment is expected to contribute to BIO's Development Goals (BDGs). All investments are assessed on their expected contribution towards the BDGs. These eight goals were set in 2015, when the new development assessment framework was implemented.



**Local Economic Growth:** Contributing to job creation, SME growth and import/export effects



**Private Sector Consolidation/Innovation:** Bringing new know-how or technologies to the country; consolidating or structuring the local market by creating upstream or downstream linkages between companies; contributing to the creation of new types of institutions or the availability of new or improved products



**Financial Inclusion:** Providing financial, credit, savings, payment; transfer and insurance services to financially excluded segments of the population, including micro-entrepreneurs

BIO's approved investments in 2018 are expected to have the most impact on *Local Economic Growth* and *Private Sector Consolidation and Innovation*, mainly through better access to funding for MSMEs, thereby supporting job creation, SME growth, tax payments and improved trade balance. Our investment in Cofina will indirectly promote local economic growth as this "mesofinance" institution supports local micro-entrepreneurs and SMEs through loans. *Financial Inclusion* remains a priority for BIO, with, for example, an investment in I&P Afrique Entrepreneurs, whose investees will benefit from a transfer of knowhow and capacity building from the fund manager.



**Food Security & Rural Development:** Improving economic opportunities for smallholder farmers, creating formal employment in rural areas and contributing to the availability of food on local markets

In 2018, BIO approved only one direct project in agriculture (Babban Gona), although it invested indirectly through private equity funds active in agribusiness and MFIs lending in rural areas, contributing to the reinforcement of rural development and the agricultural sector (MFI Enda

in Tunisia and the private equity fund Omnivore Partners in India).



**Access to Basic Services & Goods:** Providing access to basic services and goods for the population. These include energy, housing, water, health, education and communication, but not food & financial services, which are covered under other BDGs

Due to the lack of new commitments in infrastructure, *Access to Basic Services & Goods* scores lower than last year. However, through investments in private equity funds, BIO has some impact on enterprises in the educational and health sector.



**Fight Against Climate Change & Preservation of Natural Resources:** Improving energy efficiency and creating supply & access to renewable energy; preserving natural resources, in particular forest & water

Given that no direct investments in renewable energy were approved in 2018, the *Fight Against Climate Change and Preservation of Natural Resources* is scoring lower for the primary objective than in previous years.





**Gender:** Empowering & creating business opportunities for women



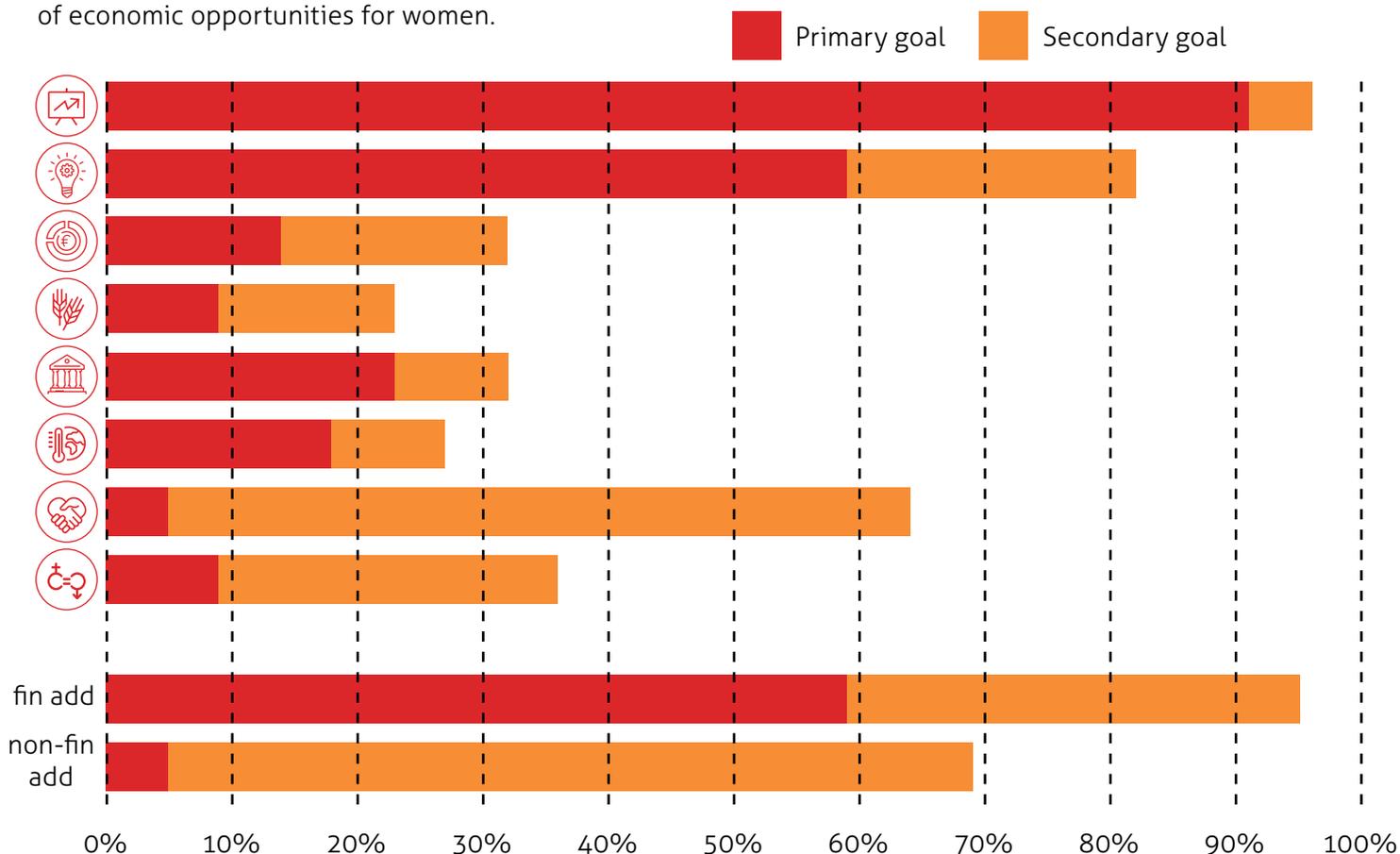
**Promotion of ESG Best Practices:** Providing opportunities to improve standards; or, if the investees already dispose of excellent practices, showcasing them to peers in the sector

**Financial Additionality:** Additionality to the local market, through, for example, tenor availability, type of collateral, gap financing or stamp of approval.

**Non-Financial Additionality:** Services beyond the financial, such as improving ESG practices or the ex-ante defined need or provision of technical assistance.

The promotion of *Gender Equality* and *Environmental, Social and Governance (ESG) Best Practices* are transversal development objectives. Both score mainly as an expected secondary objective of the investment. 86% of the projects are expected to have a positive impact on the promotion of ESG best practices. Either an investee company already disposes of excellent practices - in which case the investment may serve as an example to its peers - or, alternatively, when practices are not up to standard, BIO's investment creates an opportunity for improvement. Finally, regarding *Gender*, more than 36% of the projects incorporate specific gender-related goals through the prominent role women play in the governance of the company and the creation of economic opportunities for women.

Another segment of the ex-ante development assessment is the expected added value that BIO brings to the investment project, financially and non-financially. *Financial Additionality* concerns BIO's additionality to the local financial market, through, for example, tenor availability, type of collateral, gap financing or stamp of approval. *Non-Financial Additionality* addresses BIO services beyond the financial services such as improving ESG practices or the ex-ante defined need or provision of technical assistance.



# how can BIO help you?

Instruments: debt & equity

Financing: in €, \$ or local currency

Sectors: All sectors, except those on the exclusion lists of the IFC and EDFI

 [www.ifc.org/exclusionlist](http://www.ifc.org/exclusionlist)

 [www.edfi.eu/policy](http://www.edfi.eu/policy)

Preference for:



Agriculture and agribusiness



Financial sector targeting micro, small and medium enterprises

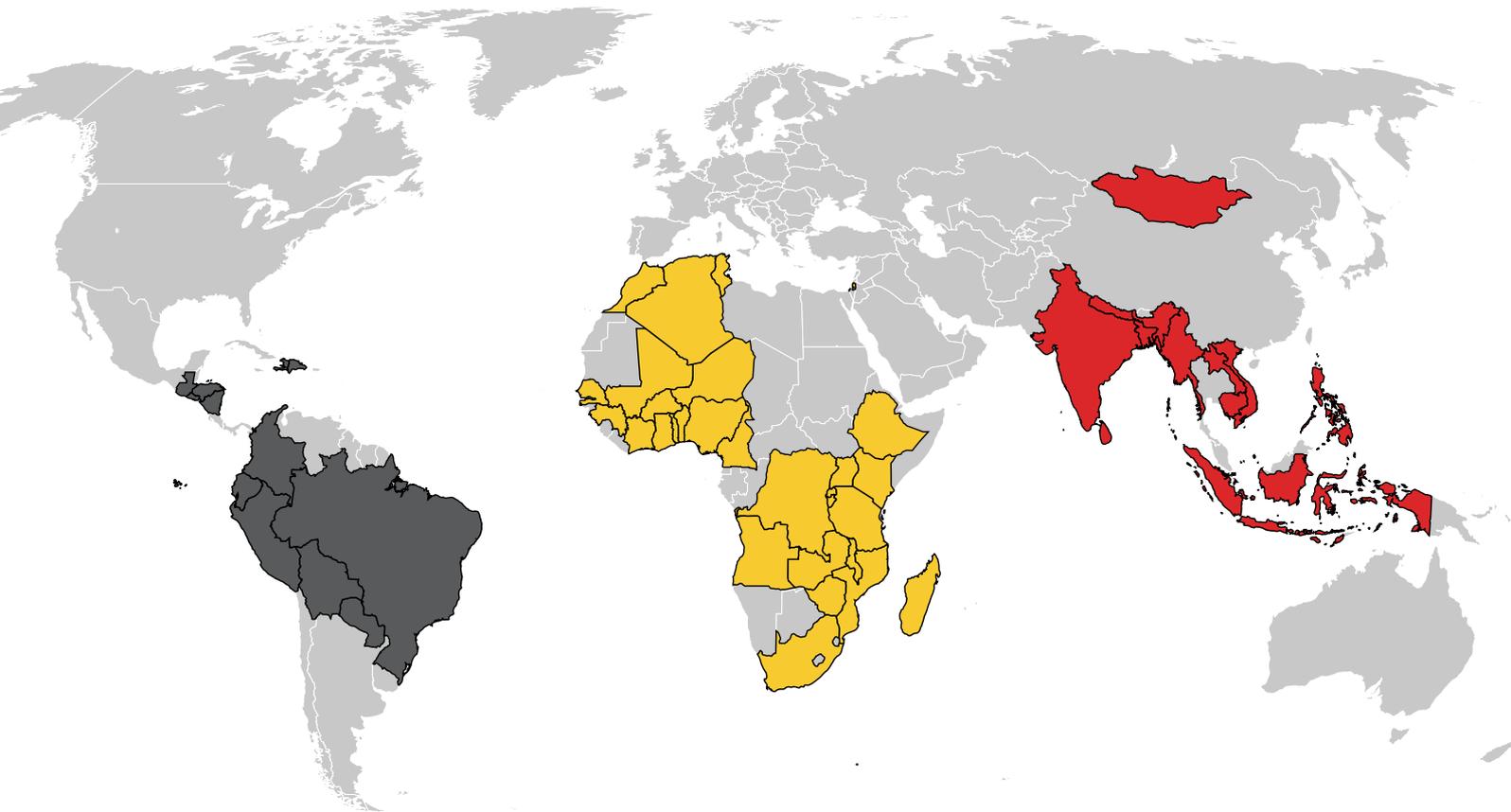


Renewable energy



Basic services to the population

## Eligible countries



### Latin America

Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, Peru

### Africa

Algeria, Angola, Benin, Burkina Faso, Burundi, Cameroon, Democratic Republic of Congo, Ethiopia, Ghana, Guinea, Ivory Coast, Kenya, Madagascar, Malawi, Mali, Morocco, Mozambique, Niger, Nigeria, Palestine, Rwanda, Senegal, South Africa, Tanzania, Togo, Tunisia, Uganda, Zambia, Zimbabwe

### Asia

Bangladesh, Cambodia, India, Indonesia, Laos, Mongolia, Myanmar, Nepal, Philippines, Sri Lanka, Vietnam

## Investment Companies and Funds



 **Amount:**  
€ 1-10 M

 **Target:**  
Private equity funds for SMEs, infrastructure and microfinance

For more information or to apply, email [fif@bio-invest.be](mailto:fif@bio-invest.be)

## Financial Institutions



 **Amount:**  
Minimum € 1-15 M

 **Target:**  
Financial institutions supporting the micro and small enterprise segment

 **Loans:**  
Maturity: 3-10 years (max grace: 3 years)

**Equity:**  
BIO can take minority stakes only

For more information or to apply, email [fif@bio-invest.be](mailto:fif@bio-invest.be)

## Enterprises



 **Amount:**  
Minimum € 1 M

 **Target:**  
Existing enterprises in agribusiness, industry, services to the population (i.e. health & education), energy efficiency

 **Loans:**  
Maturity: 3-10 years

For more information or to apply, email [enterprises@bio-invest.be](mailto:enterprises@bio-invest.be)

## Infrastructure



 **Amount:**  
€ 3-15 M

 **Target:**  
BIO is able to support infrastructure projects providing basic services to the population and to the entrepreneurial ecosystem, including but not limited to renewable energy, telecommunications and transport & logistics.

 **Loans:**  
Maturity: up to 15 years

For more information or to apply, email [infrastructure@bio-invest.be](mailto:infrastructure@bio-invest.be)

## Business Development Support Fund



### Who can apply?

Existing and prospective BIO clients may propose projects in line with BIO's investment strategy and country eligibility criteria

### Client contribution

Clients are required to contribute financially; the percentage is based upon their financial capacity and is reviewed on a case-by-case basis. For Feasibility Studies, clients are required to cover at least 50% of the eligible costs.

### Eligible costs & maximum support

**Eligible costs:** expert fees and expenses; specific project related costs such as workshop costs, etc..

**Non-eligible:** operational and capital costs  
Projects that are underway and already-incurred costs

**Feasibility study:** max € 100,000 per client

**Other support:** max € 350,000 per client

For more information or to apply, email [supportfund@bio-invest.be](mailto:supportfund@bio-invest.be)

# BIO solutions enterprises

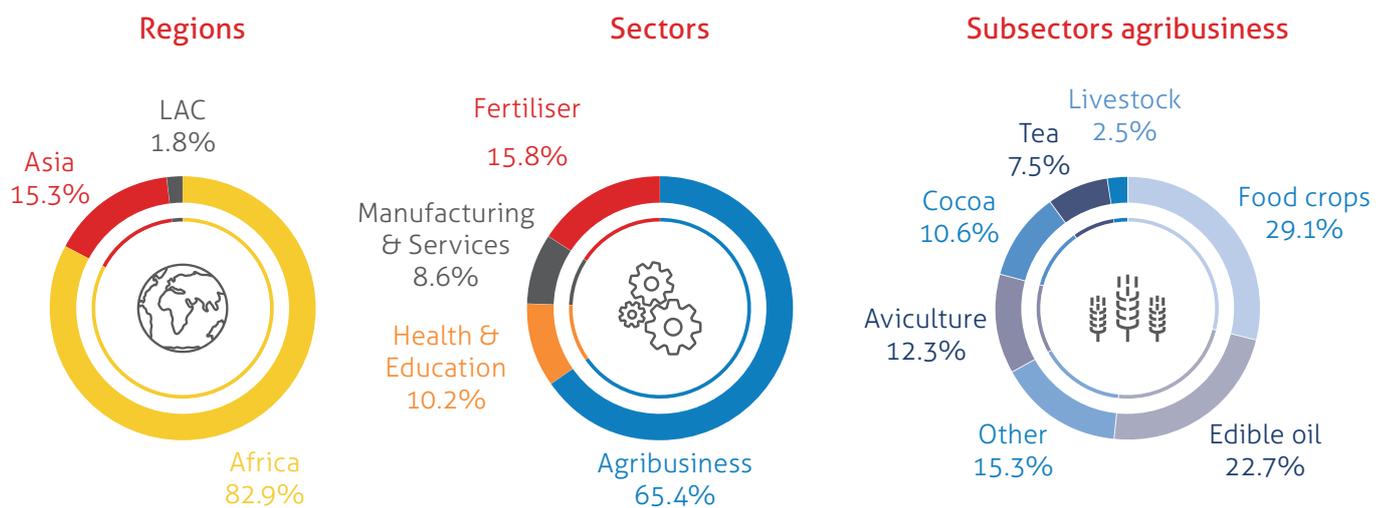


SMEs are of the utmost importance for economic growth in developing countries. Because they create jobs, they are key actors in the fight against poverty. They are also instrumental in disseminating expertise and strengthening social cohesion by developing local value chains and by increasing government income.

Still, for many of these entrepreneurs, the access to credit is a major obstacle when grasping opportunities. That is why BIO provides medium- to long-term financing and technical assistance that builds management capacity and accelerates the

transfer of know-how. This is done with a strong emphasis on responsible development, ethical and transparent governance, and a strict commitment to social and environmental standards.

## Net commitments (12/2018) - € 65.5 M - 27 projects



# giving back to africa

## enko education

My name is Bamidele Akinbo, I am the head of Enko La Gaieté International School, in Yaoundé, Cameroun. When we started this school some two and a half years ago, it was quite challenging because we had no references, so it was difficult to promote the school. Despite this, some parents enrolled their children, and as I speak today, we have good results to show for it: 95% of our graduating class have received generous scholarship offers from top universities around the world.

I think Enko is unique to students because in Enko schools, students make sense of what they learn. They are able to engage, carry out research, contribute and have their own views. It's not a one-way approach, where only the teacher talks and the students should sit and take notes.

I decided to join Enko Education because I think Enko Education is a platform through which I could give back to Africa. Having experienced first-hand the transformation the International Baccalaureate (IB) brings to students and teachers, I decided to come back to Africa to replicate the same.

We are probably one of the most affordable IB schools in the world. That, to me, is philanthropic in nature, it's innovative, and it's something that I really like to support.

*Bamidele has lived in China, Mauritius and South Africa before moving to Cameroon as the founding Head of Enko La Gaieté International School, the first of the Enko Education network.*

### Facts & figures

Sector	Enterprise	Subsector	Education
Region	Africa		
Instrument	Debt	Amount	€ 2 M

### Development Impact



Local economic growth: By 2025, Enko Education foresees to employ over 870 teachers, creating considerable employment effects.



Private sector consolidation/innovation: Enko Education is providing a high-quality programme at a competitive price targeting the local population. By supporting the launch of 5 additional schools, BIO plays an important role in transferring know-how to local teachers in new countries.



Access to basic services and goods: Enko Education offers high-quality education to the local population.

Enko Education's mission is to increase access for African high-school graduates to the world's leading universities through high quality international education. The company has designed an innovative cost-effective model of secondary international schools, offering the International Baccalaureate (IB), providing the local students with a launchpad to the world's best universities.

The company was set up in 2013. So far, they have developed a network of 13 schools in Burkina Faso, Cameroon, Ivory Coast, Mali, Mozambique, Senegal and South Africa. BIO's investment consisted of launching four schools and allowing the addition of

two schools to the network.

The middle-class segment offers the largest potential for private education in Africa. There is a gap between low-fee private schools offering a national curriculum below USD 500 per month, and unaffordable international schools above USD 6,000. Enko Education is the only one that addresses this gap, making the IB accessible to Africa's middle-class. Moreover, it offers scholarships to between 10 and 20% of its students to increase the access of those less well-off to outstanding international education. Enko Education builds local capacity by recruiting local teachers and training them intensively.

# BIO solutions *financial institutions*

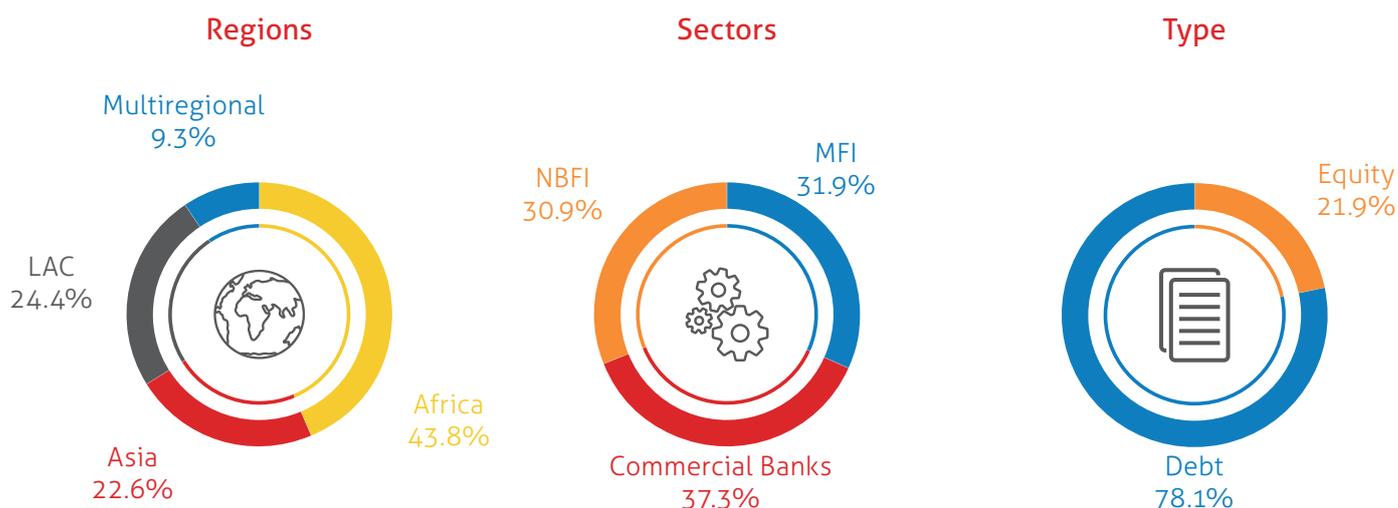


One of BIO's major goals is to increase the access to finance for micro, small, and medium-sized enterprises (MSMEs). In this way, BIO empowers entrepreneurs and contributes to local economic growth.

Financial institutions are the main channel to serve the 'missing middle', composed of businesses with capital needs of between USD 100 (micro-activity) to USD 500,000 (SMEs). They provide the necessary market knowledge, distribution channels, products, processes, and controls to adequately make this segment of the economy grow. That is why BIO

channels a significant part of its investments through financial institutions, which, in turn, directly supports MSMEs. In doing so, BIO urges these institutions to adhere to the Customer Protection Principles, and to high environmental and social standards. BIO also provides technical assistance to strengthen the institutions' internal capacity and efficiency.

## Net commitments (12/2018) - € 302.1 M - 38 projects



# going above and beyond

## citizens development business finance

I am Mahendra, and I've been running a restaurant for the last 20 years. I got to know about CDB in 2008 and I have been with them ever since.

When CDB was introduced onto the stock market, I participated and managed to earn a profit. They also encourage us to save and the staff personally collects our deposits, their flexibility helps us to function well. We not only save time, but we also manage to increase our savings with CDB. Their customer service is unlike any other; they have one-on-one services and I find that very important.



I am Ann Jayawardane, a customer of CDB. I joined CDB two years ago, when I first came back from abroad to settle in Sri Lanka, and CDB has been amazing. Our business, a logistics company, needed a company that would finance our vehicles and CDB has gone above and beyond to help us. They have been very helpful getting us to where we are today.



*Mahendra & Ann are both entrepreneurs and customers of Citizens Development Business Finance.*

### Facts & figures

Sector	Financial Institution	Subsector	Non-bank financial institution
Region	Sri Lanka, Asia		
Instrument	Debt	Amount	€ 9.5 M

### Development Impact

- 

Local economic growth: Offering financial services including savings, deposits, loans, leasing facilities, credit cards and foreign exchange services to enterprises impacts the size of their activities, generates employment and impacts the development of the economy.
- 

Financial inclusion: CDB is a Non-Banking Financing Institution offering a full set of financial services to individuals and MSME clients. CDB concentrates on vehicle leasing and recently started other asset-backed loans. Next to its lending products, other financial products such as money exchange and money transfer services are offered.

Citizens Development Business Finance PLC (CDB) is a Non-Bank Financial Institution (NBFI) in Sri Lanka, providing extensive financial services, including vehicle leasing. Established in 1995, it became a public deposit taking institution in May 2009 and is now one of the top 5 largest NBFIs in the country, with an asset base of LKR 91.9 billion (€467.7M). An ardent proponent of sustainability,

CDB is positioned between being a disruptor in the financial intermediary business and a socially and environmentally responsible corporate steward. Through its investment, BIO supports the growth of CDB oriented towards offering loan products to rural, micro and small entrepreneurs who are underserved today as commercial banks tend to serve the higher end of the SME market.

# BIO solutions

## *investment companies & funds*



In 2018, investments in funds remained at the heart of BIO's strategy. It is an ideal way to build a diversified portfolio, to provide entrepreneurs with long-term capital and strengthen the business model of the involved SMEs.

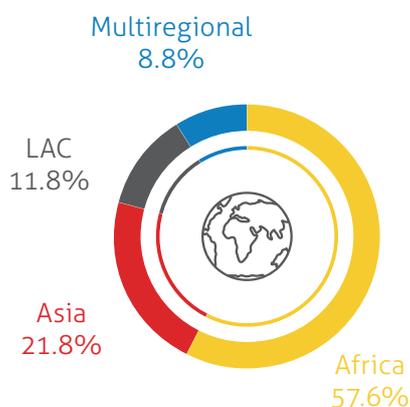
For its investments in funds, BIO selects managers who are well-rooted in the target countries and who can closely monitor their projects. By working together with other impact investors, in specific sectors, regions and stages of business, BIO builds a diversified and pertinent portfolio. Investments in funds also support the growth of the underlying companies and contribute to private sector development. It allows for new products and services

to be created, while at the same time improving competitiveness and job creation. The resulting increase in tax revenue is also beneficial to local governments.

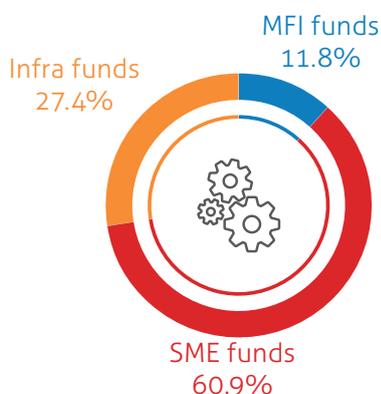
Finally, BIO always selects active fund management teams who play a vital role in raising environmental, social and governance standards in the companies involved.

### Net commitments (12/2018) - € 243.7 M - 46 projects

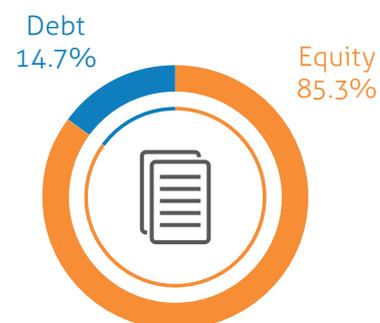
#### Regions



#### Sectors



#### Type



# a walk in the woods

## asff II

### Unique opportunities

Demographic and economic growth lead to a growing demand for forestry products. Investment opportunities in the forestry sectors across Sub-Saharan Africa abound. However, a lack of information, capital and management skills creates inefficient markets. ASFF therefore rehabilitates and restructures existing forestry plantations to enhance productivity, develop downstream manufacturing, and use wood waste to generate energy. FSC certification and the IFC standards on agroforestry are the key investment criteria. The main challenge is to be both environmentally and economically sustainable.

### Local Communities

Community relations are carefully assessed during the due diligence process. The Fund also engages with the communities directly and through third parties to minimise disruption caused by the forestry plantations ASFF invests in and develops ways to enhance the well-being of people who live and work nearby. In this way the first fund already created more than 8,500 jobs and supported over 3,000 SMEs, such as contractors and service providers. The fund also wants to catalyse other key players, like smallholders, to create an impact in sustainable forest management and poverty alleviation.

### Facts & figures

Sector	Investment Companies & Funds	Subsector	SME Funds
Region	Africa		
Instrument	Equity	Amount	€ 4.1 M

### Development Impact

-  Local Economic Growth: ASFF II provides additional mid to long-term capital to the forestry sector in Africa;
-  Private sector consolidation: The forestry sector is perceived as risky and is underserved by financial institutions.
-  Food Security & Rural Development: ASFF II will look at developing an inclusive commercial approach with smallholders.
-  Fight against Climate Change & Preservation of Natural Resources: ASFF II will only invest in FSC certified/certifiable forestry plantations and will invest in energy efficiency projects (valorisation of the biomass from forests).
-  Promotion of ESG best practices: IFC Performance Standards are also addressed and included in the overall assessment with special attention paid to those transactions where FSC cannot be immediately obtained or is not applicable.

Africa Sustainable Forestry Fund (ASFF) II invests in sustainable forestry plantations and processing facilities with the aim to proactively lead the restructuring and development of African forestry and assist to fill the growing gap between the supply and demand for forestry products. The Fund holds a portfolio of innovative forest management projects

in rural areas of Africa, bringing a wide range of environmental, social and economic benefits to the surrounding communities. ASFF II is a 12-year closed-end investment fund. It is incorporated as a limited liability company in Mauritius.

# BIO solutions *infrastructure*



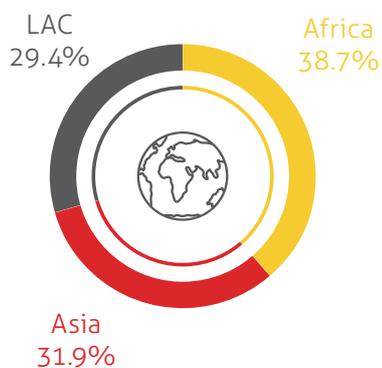
Adequate access to infrastructure is a basic service to the population. It is also indispensable for economic growth and sustainable private sector activities.

BIO invests in projects to increase basic services to the population including access to energy and water, telecommunications and transport. Over the past years, BIO's focus has been mostly on renewable energy (including solar, hydro, wind), allowing not only improved and cheaper energy access but also contributing to a reduction of greenhouse gas emissions and to the fight against climate change. BIO has supported both on-grid and off-grid projects and has been able to offer long maturity financing well-

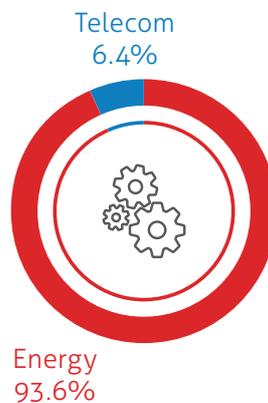
adapted to the repayment capacity of the projects. BIO has adopted a two-prong approach: "follow the lead" of sizeable DFIs for large projects and "take the lead" for smaller projects (up to 20MW). Beyond capital and debt, BIO can support the development of projects by providing access to grants for feasibility and technical studies. BIO is also very attentive that these projects are executed in good cooperation with local communities and in compliance with high environmental and social standards.

## Net commitments (12/2018) - € 165.4 M - 18 projects

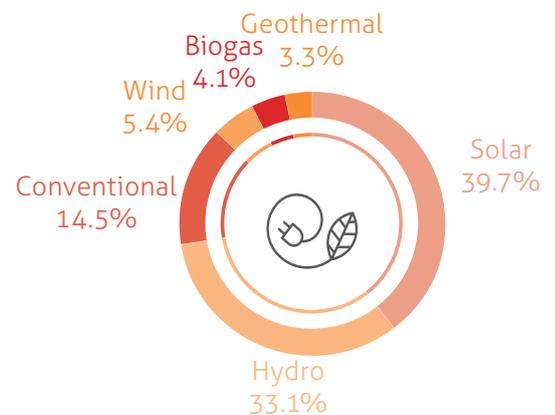
### Regions



### Sectors



### Subsectors energy



# i like to create new things

## bósforo

My father is an American who moved to El Salvador after meeting my mother, a Salvadorian. I was born in El Salvador and went to high school, university and my first job in Florida. Eventually I moved to Colombia, then Mexico and finally ended up coming back to El Salvador. There is nothing like having family around and friends from childhood, and we have a pretty good life here: we have beaches, we have mountains, and my family has coffee farms, so we always have somewhere beautiful to go on weekends.

The solar trend here started off when the Salvadorian government, as part of its energy policy, decided to promote investment in renewable energy in the country. In 2016 AES participated in an auction which we lost by a very small margin, and that same year we moved forward investing in distributed energy projects. We looked for ten sites where local demand could absorb a 10 MW plant's production capacity, designing them all identically. We developed Bósforo in a joint venture with CMI, a Guatemalan company.

Our mission at AES is to improve lives by accelerating a safer and greener energy future, which we are pursuing here in El Salvador with projects like Bósforo. Although solar in El Salvador is a relatively

small market, renewable generation is still growing including other renewables like wind and geothermal energy.

Also, interactions with the local communities are intense due to the project having ten geographically separate sites. We have educational and environmental programs, for example. Young guys and girls graduate as electricians with the goal of providing them with a marketable skill. In conjunction with local governments and schools, we have developed programs for planting native tree species at risk. We are also supporting communities with infrastructure such as road improvements, meeting centers, parks, perimeter walls around medical centers and schools for increased security, among other projects which are selected in direct collaboration with the communities.

I really like large, big-ticket projects because you can have a real social impact and ensure its sustainability. I like to create new things, doing things right, and making a difference.

*John Davenport is the Bósforo Project Director*

## Facts & figures

Sector	Infrastructure	Subsector	Energy - Solar
Region	El Salvador, Latin America		
Instrument	Debt	Amount	€ 14.2 M

## Development Impact



Access to basic services and goods: The plant will provide over 200 GWh/year of renewable energy ensuring enough electricity for 186,042 people.



Fight against climate change: Bósforo avoids local emissions usually attached to conventional energy, saving up to 91,400 tonnes of CO<sub>2eq</sub>/year.

Bósforo is one of the first PV solar projects of its scale in El Salvador. The different plants will be directly connected to regional distribution networks across the country. As such, it is an example of distributed generation in which energy is generated locally for

local use and efficiency is improved by eliminating transmission losses. The generated electricity will be sold through 25 years Power Purchase Agreements to four different Distribution Companies.

# BIO solutions

## *business development support fund*

For companies to grow and prosper, generate jobs and build expertise, they not only need tailor-made investments but also the skills and know-how to increase their business performance and improve sustainable business development practices at all levels.

Through grants from the Business Development Support Fund, BIO co-finances Technical Assistance (TA), Feasibility Studies (FS) and Investment Support for innovative SMEs:

- **Technical Assistance** improves business performance, skills and standards important to improve the companies' performance and development impact. Examples: Digital product development for an MFI; establishment of a business training centre for SME clients of a bank; preparation for certification (ISO, Fair Trade, organic,...).
- **Feasibility Studies** analyse the technical viability and profitability of an investment project and are indispensable prior to creating or further developing a company. Examples: E&S impact study of a new solar project; market and technical study for an agribusiness project.
- **Investment Support for Innovative SMEs** supports SMEs in developing innovative projects and services with a strong development impact by co-financing fixed assets or operational expenses. The business model, product or service must be innovative compared to the local context and demonstrate strong development impacts. Only available for SMEs in the fields of renewable energy/climate change, agriculture/agribusiness or digitisation/digitalisation.

In 2018, 10 subsidy commitments were made for a total budget of EUR 850k. Some of the projects BIO supported:

- Cofina, the West-African micro-credit group, took its first steps towards a Smart Campaign certification;
- Puratos Grand Place Vietnam launched an innovative agro-ecology project with their farmer-suppliers; and
- ACEP group initiated a participative re-branding and communication project;
- In 2018, BIO organised its first international workshop for portfolio clients in Phnom Penh, Cambodia. The workshop brought together participants from 9 African and South-East Asian microfinance and SME bank institutions who discussed the challenges and benefits of Environmental and Social management and the opportunities in green finance. It was a great success, thanks to the active participation and peer learning between the institutions.



Total commitments: EUR 850k  
# of projects: 10  
Signed projects: 11  
Signed amount: EUR 1.2 M

As of 2019, the scope of the subsidy fund, now called the Business Development Support Fund, enlarged, allowing BIO to also support projects in the value chain of its clients and provide support to impactful sector initiatives.

# our business is digital

## iCare (through clmdf II)

My name is Pablo Alonso Caprile. Born in Spain, I used to work as a derivatives trader in the capital markets industry in the U.K. When taking a sabbatical in Cambodia, I met up with Douglas Clayton, my friend and mentor and a board member at iCare Benefits, who introduced me to iCare, its team and its business model.

iCare Benefits is a digital, fully integrated retail platform that helps factory workers in South East Asia to sustainably access products and services such as mobile phones, kitchen appliances, electronics, bicycles and the like through a monthly repayment plan with 0% interest and no fees. iCare Benefits Cambodia currently operates in more than 150 companies and has more than 150,000 members.

In the traditional retail sector, the cost of financing is added to the price of the product and paid for by the customer. But because of its size, iCare Benefits is able to shift the financing cost from the customer to the distributor. This means that lower-income factory workers can now buy these products and services

at market prices, pay for them in instalments and without any interest charge.

Because our business is entirely digital and cashless for the customer, we must take their technological savvy into account. In Europe, everyone can buy things through online retailers like Amazon, but our customers can't. So part of our mission is to educate our customers on how to use the technology by going to the factory and explaining things face to face. The end goal is for our customers to be able to use iCare's digital platform to buy anything from an insurance policy to a rice cooker, and from a fridge to a mattress.



*Pablo Alonso Caprile is the CFO of iCare, an investee of BIO's client, the Cambodia Laos Myanmar Development Fund II.*

### Facts & figures

Sector	Investment Companies & Funds	Subsector	SME Funds
Region	Asia		
Instrument	Technical Assistance	Amount	€ 332 K

### Development Impact



**Local Economic Growth:** CLMDF II aims at providing long-term equity funding to local SMEs, which is currently very scarcely available. CLMDF II is at the moment one of the only SME-focused private equity funds active in Cambodia, Laos and Myanmar.



**Private sector consolidation:** CLMDF II is one of the only players offering long-term financing to SMEs in the target markets.

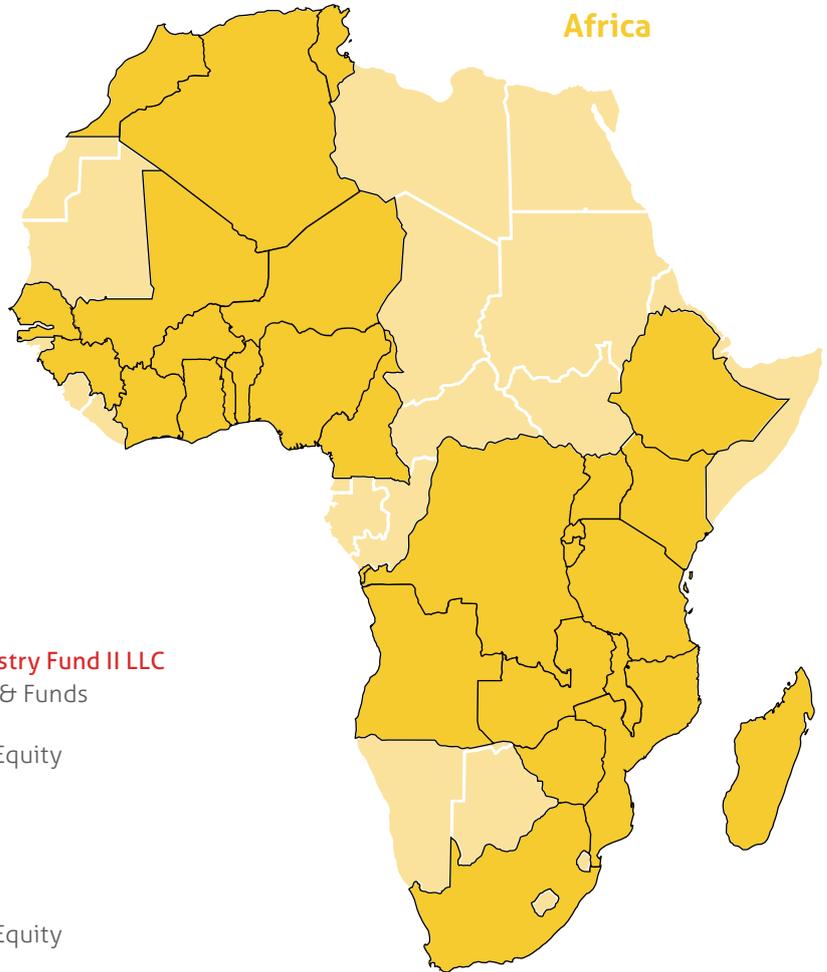


**Promotion of ESG best practices:** An Environmental and Social Management System compliant with DFI guidelines is in place and applied to all new investments..

In 2018, BIO allocated a Technical Assistance subsidy of USD 350,000 to the Cambodia Laos Myanmar Development Fund II ("CLMDF II"), a 10-year sector-agnostic growth capital fund that invests in SMEs in Cambodia, Laos and Myanmar and in which BIO invested USD 5 M in 2016. This TA-facility aims to improve the business

performance and ESG management at the level of the SMEs. This will be translated in healthier and more resilient businesses and is expected to have a positive impact on the results of the CLMDF II. Moreover, by the high co-financing for ESG projects, the facility is expected to contribute to an improved ESG management of the SMEs.

# investments signed in 2018



Various	<b>Africa Sustainable Forestry Fund II LLC</b> Investment Companies & Funds SME Fund € 4,130,000  Equity 04/2018
Uganda	<b>EFC Uganda LLC</b> Financial Institution MFI € 1,000,000  Equity 03/2018
Various	<b>Enko Ed Ltd</b> Enterprises Health & Education € 2,000,000  Debt 09/2018
Various	<b>Frontier Energy II Alpha K/S</b> Investment Companies & Funds Infrastructure Fund € 8,151,000  Equity 03/2018
Various	<b>Off-Grid Solar and Financial Access Senior Debt Fund 1</b> Investment Companies & Funds Infrastructure Fund € 4,385,750  Debt 10/2018

**Sri Lanka**  
 Citizens Development Business Finance PLC  
 Financial Institution  
 Non-Bank Financial Institution  
 € 9,486,770 Debt  
 04/2018

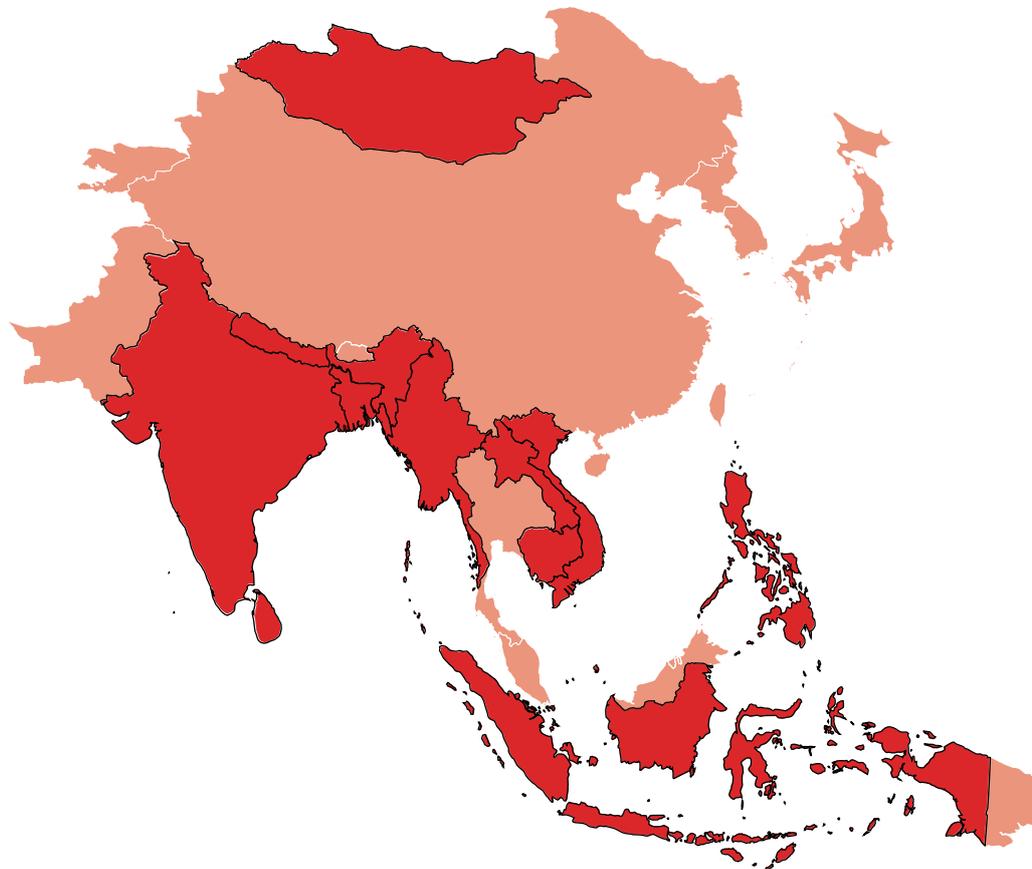
**India**  
 Kaizen Private Equity II  
 Investment Companies & Funds  
 SME Fund  
 € 8,819,430 Equity  
 11/2018

**Mongolia**  
 Khan Bank LLC  
 Financial Institution  
 Commercial Bank  
 € 14,536,000 Debt  
 09/2018

**Sri Lanka**  
 Lak Jaya Micro Finance Limited  
 Financial Institution  
 Microfinance Institution  
 € 854,990 Debt  
 06/2018

**Mongolia**  
 XacLeasing LLC  
 Financial Institution  
 Non-Bank Financial Institution  
 € 4,333,800 Debt  
 08/2018

**Asia**



**Latin America**

**El Salvador**  
 Bósforo, LTDA de C.V.  
 Infrastructure  
 Energy  
 € 14,230,155 Debt  
 01/2018

**Guatemala**  
 Comercial Administradora S.A. (Arrend)  
 Financial Institution  
 Non-Bank Financial Institution  
 € 3,522,000 Debt  
 12/2018

**Honduras**  
 Comercial Administradora S.A. (Arrend)  
 Financial Institution  
 Non-Bank Financial Institution  
 € 3,962,250 Debt  
 12/2018

**El Salvador**  
 Comercial Administradora S.A. (Arrend)  
 Financial Institution  
 Non-Bank Financial Institution  
 € 1,320,750 Debt  
 12/2018

**Various**  
 Darby Latin American Private Debt Fund III L.P.  
 Investment Companies & Funds  
 SME Funds  
 € 8,570,582 Equity  
 08/2018

# investments ended in 2018

Name	Initial commitment	Category	Sector	Country	Instrument	Exit type
AB microfinance Nigeria	€ 2.0 M	FI	MFI	Nigeria	Loan	Fully repaid
Advans RDC	€ 1.6 M	FI	MFI	DRC	Loan	Fully repaid
AGB Technoprint	€ 0.7 M	Enterp	Manu & Serv	DRC	Loan	Fully repaid
Banco Del Exito S.A. (BANEX)	€ 2.5 M	FI	MFI	Nicaragua	Loan	Write-off
Banco del Pais (Banpais)	€ 11.4 M	FI	Comm Bank	Honduras	Loan	Fully repaid
Banco Lafise Bancentro S.A.	€ 3.9 M	FI	Comm Bank	Nicaragua	Loan	Fully repaid
Bank of Africa Tanzania	€ 4.2 M	FI	Comm Bank	Tanzania	Equity	Sale
BRAC Bank	€ 8.2 M	FI	Comm Bank	Bangladesh	Loan	Fully repaid
Clean Foods	€ 1.0 M	Enterp	Agribusiness	Cameroon	Loan	Write-off
Crédit Communautaire d'Afrique	€ 5.0 M	FI	MFI	Cameroon	Equity	Cancellation
EFC Tanzania	€ 1.4 M	FI	MFI	Tanzania	Loan	Fully repaid
Fusion Microfinance Private Limited	€ 5.7 M	FI	MFI	India	Equity	Trade sale
Jakarta Tank Terminal	€ 3.9 M	Infra	Logistics	Indonesia	Loan	Prepayment
Latin American Agribusiness Development Corporation S.A. (LAAD)	€ 7.6 M	FI	Comm Bank	various	Loan	Fully repaid
Mekong Enterprise Fund I	€ 2.1 M	Fund	SME Fund	Vietnam	Equity	Write-off
Moablaou	€ 0.7 M	Enterp	Agribusiness	Burkina Faso	Loan	Fully repaid
Prasac	€ 5.6 M	FI	MFI	Cambodia	Loan	Fully repaid
Reltex Tarpaulins	€ 0.9 M	Enterp	Manu & Serv	Kenya	Equity	Write-off
Rift Valley Railway	€ 7.7 M	Infra	Transport	Kenya	Loan	Write-off
TransAndean Early Stage Equity Fund	€ 3.8 M	Fund	SME Fund	various	Equity	Fully repaid
Visionfund	€ 2.0 M	FI	MFI	Ecuador	Loan	Fully repaid
<b>Total</b>	<b>€ 87.6 M</b>					

## abbreviations

Comm Bank	Commercial Bank
DRC	Democratic Republic of Congo
Enterp	Enterprise
FI	Financial Institution
Fund	Investment Companies & Funds
Infra	Infrastructure
Manu & Serv	Manufacturing & Services
MFI	Microfinance Institution
SME	Small to Medium sized Enterprises





**In 2018, BIO terminated twenty-two investments, for which it had initially committed a total of 87 million euro.**

Six equity investments (of which two private equity funds) were terminated, as well as sixteen loans. Of these loans, twelve expired in 2018 and were fully repaid according to the repayment schedule. One loan was reimbursed before the final maturity date (prepayment) as BIO's counterparties managed to find a more attractive source of financing locally, attesting to BIO's catalyst role, with local institutions taking the relay. Three loans, concerning failed investment projects, were written off. On the equity side, BIO sold its participations in two microfinance institutions in India and Africa with a positive return. One direct equity investment in a small SME in Kenya was fully written off with the bankruptcy of the company. Two funds were fully exited with a net negative performance, but close to break-even. In 2018, most ended investments were in Africa (45%), and in the financial sector - banking and non-banking financial institutions and microfinance

institutions – representing two thirds of all terminated investments.

For each of the investments ended, BIO's intervention was positive and certainly additional.

The most important development impacts concerned local economic growth and tax revenues, direct and indirect job creation and, more specifically, financial inclusion and access to basic services like food security and infrastructure.

In addition to BIO's financial investments, there was technical assistance totalling almost 540 thousand euro, granted to six of the exited counterparties. Among others, there were subsidies for the Cambodian MFI Prasac, aimed at developing staff skills, developing environmental and social management systems, developing strategy and supporting the internal reorganisation in view of the transformation of the microfinance institution into a bank.

# development effects

Improving the reporting and monitoring of development effects has been one of the key priorities for the BIO Development & Sustainability (D&S) team in the last few years, with significant progress made in 2018 on the data collection and development indicators.

BIO's D&S unit completed and refined the list of key development indicators (KDIs) to be collected at the level of each investee (both direct and indirect). These KDIs are: the number of jobs (men and women) maintained or created, the tax payments, the energy production and the greenhouse gas emissions avoided.

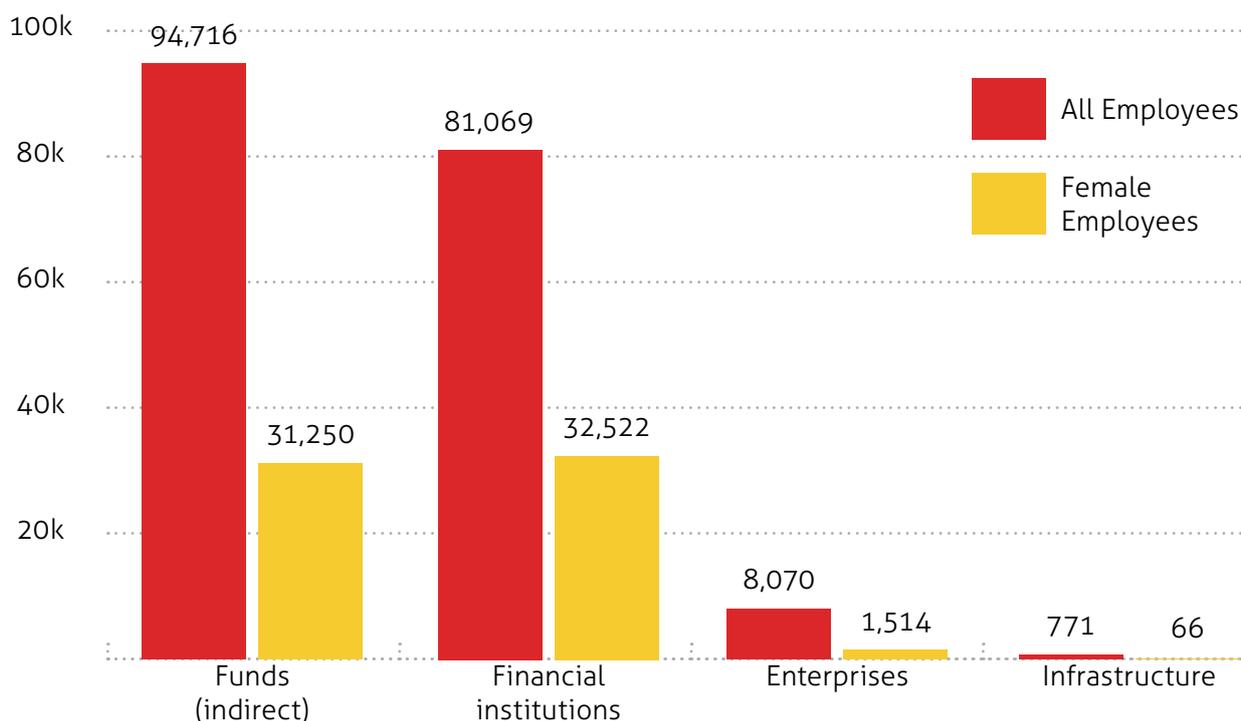
Besides, on a project-by-project basis, BIO requires its investees to report on a number of other specific indicators, such as the number of loans disbursed (for financial institutions), the number of students (for a project with an education focus), the number of farmers reached (for an agriculture project), or the number of patients (for a health-oriented project). The table to the right gives a snapshot of the KPIs at the level of BIO's portfolio at the end of 2017 (data for 2018 is not yet fully available at the time of publication).

Looking at these figures, BIO's contribution has been significant: BIO contributed to creating or maintaining more than 184,000 jobs (89,000 of

which linked to direct investments in enterprises, financial institutions and infrastructure projects) out of which more than a third occupied by women. These figures do not account for the many indirect jobs created and maintained by our clients. In addition, BIO contributed to the financial inclusion of thousands of people: in 2017, the outstanding loan portfolio of financial institutions supported reached more than 47 billion.

Data 12/2017	Direct impact investee level	Indirect Impact
	enterprises financial institutions infrastructure	SME Funds MFI Funds Infrastructure Funds
Employees (# jobs)	89,910	94,716
Female Employees (# jobs)	34,102	31,250
Energy production (GWh)	12,580	1,465
CO <sub>2</sub> avoided (tonnes)	2.1 M	669,000

Furthermore, BIO contributed to the production of more than 14,000 GWh in 2017, thus avoiding the emission of more than 2.8 million tonnes of CO<sub>2</sub>.





# environmental & social management

For BIO, ensuring and promoting the environmental and social (E&S) sustainability of its investments operations is an essential part of its contribution to sustainable growth. BIO aims to have a positive impact on the local communities where it invests, including through decent and safe working conditions, respect of human rights and environmental sustainability. While investments may bring such positive outcomes, they may also have adverse environmental or social effects if not properly managed.

BIO refers to and promotes a set of internationally recognised standards and principles, such as the IFC E&S Performance Standards, thereby covering a

comprehensive array of environmental, social and human rights topics.



**Assessment and Management of E&S Risks and Impact**



**Labour and Working Conditions**



**Resource Efficiency and Pollution Prevention**



**Community Health, Safety and Security**



**Land Acquisition and Involuntary Resettlement**



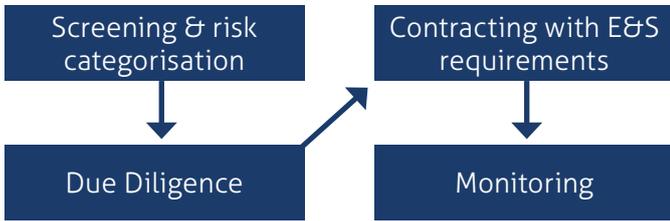
**Biodiversity Conservation and Sustainable Management of Living Natural Resources**



**Indigenous Peoples**



**Cultural Heritage**



### Into our operations

BIO E&S experts work with their colleagues and clients to manage E&S risks and opportunities. Each potential investee is first assigned a risk category, resulting in minimum due diligence activities and E&S requirements. Once the E&S risks and opportunities have been identified and assessed, any required improvements are contractually agreed upon with the clients and monitored.

Investees are also contractually bound to respect local environmental and social laws and conventions, including ILO Core Conventions and applicable international standards. BIO actively supports its investees to improve on their E&S performance in a supportive and constructive way. However, in case of non-compliance, and as a last resort, contractual requirements may be activated.

### Human rights

Alongside the state duty to protect, respect and enforce human rights, businesses have the responsibility to respect these rights as well. Each of the IFC Performance Standards has elements related to human rights dimensions and are expected to cover most human rights that are relevant to our clients' operations. In higher risk contexts or if BIO considers that IFC Performance Standards do not sufficiently cover a human right in a given investment, BIO will give special attention to this right and adopt specific measures in connection with the E&S assessment and monitoring of such investment. In line with the IFC Performance Standards, higher risk clients are required to have a grievance mechanism that can facilitate early indication and prompt remediation. BIO also has its own whistle blowing mechanism providing an online platform for third parties to submit grievances.



# outstanding investments

## Outstanding Investments at year's end 2018 (amounts in M €)

		Africa	Asia	LAC	Multi	Total	Equity	Debt	#
<b>Financial Institutions</b> 	MFI	11.8	15.2	18.3	17.0	62.2	32.5	29.7	16
	Commercial Banks	57.0	5.0	31.4	0.0	93.5	17.6	75.9	14
	NBFI	6.0	14.1	6.4	7.1	33.6	7.2	26.4	8
	<b>Subtotal</b>	<b>74.8</b>	<b>34.3</b>	<b>56.1</b>	<b>24.1</b>	<b>189.3</b>	<b>57.3</b>	<b>132.0</b>	<b>38</b>
<b>Funds</b> 	MFI	11.1	1.1	3.9	4.3	20.4	17.0	3.4	7
	SME	39.8	9.8	9.1	0.0	58.8	56.4	2.4	28
	Infra	19.2	16.9	0.1	4.7	41.0	22.9	18.1	11
	<b>Subtotal</b>	<b>70.1</b>	<b>27.8</b>	<b>13.1</b>	<b>9.1</b>	<b>120.1</b>	<b>96.3</b>	<b>23.8</b>	<b>46</b>
<b>Enterprise</b> 	Agri	27.5	5.8	1.2	0.0	34.5	0.0	34.5	16
	Health & Edu	3.9	0.0	0.0	0.0	3.9	0.0	3.9	3
	ICT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1
	Manu & Serv	5.6	0.0	0.0	0.0	5.6	0.0	5.6	5
	Oil, Gas, Mining & Chem	10.3	0.0	0.0	0.0	10.3	0.0	10.3	2
	<b>Subtotal</b>	<b>47.4</b>	<b>5.8</b>	<b>1.2</b>	<b>0.0</b>	<b>54.4</b>	<b>0.0</b>	<b>54.4</b>	<b>27</b>
<b>Infrastructure</b> 	Energy	61.8	34.9	42.9	0.0	139.7	3.0	136.7	17
	Telecom	0.0	10.6	0.0	0.0	10.6	0.0	10.6	1
	Transport & Log	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
	<b>Subtotal</b>	<b>61.8</b>	<b>45.5</b>	<b>42.9</b>	<b>0.0</b>	<b>150.3</b>	<b>3.0</b>	<b>147.3</b>	<b>18</b>
<b>Total</b>		<b>254.2</b>	<b>113.5</b>	<b>113.3</b>	<b>33.2</b>	<b>514.1</b>	<b>156.6</b>	<b>357.5</b>	<b>129</b>

## Total outstanding Investments at year's end 2008-2018 (amounts in M €)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Financial Institutions	67.9	75.6	95.2	119.3	152.9	195.9	182.0	195.3	214.0	206.9	189.3
Funds	41.1	44.2	48.7	56.3	62.4	77.8	81.5	88.3	96.1	94.0	120.1
Enterprise	11.4	18.5	22.5	23.6	38.5	49.0	51.6	46.0	54.0	58.4	54.4
Infrastructure	0.0	0.0	13.2	21.5	29.3	51.3	96.3	84.7	99.2	126.4	150.3
<b>Total</b>	<b>120.4</b>	<b>138.3</b>	<b>179.7</b>	<b>220.7</b>	<b>283.1</b>	<b>373.9</b>	<b>411.4</b>	<b>414.3</b>	<b>463.2</b>	<b>485.6</b>	<b>514.1</b>

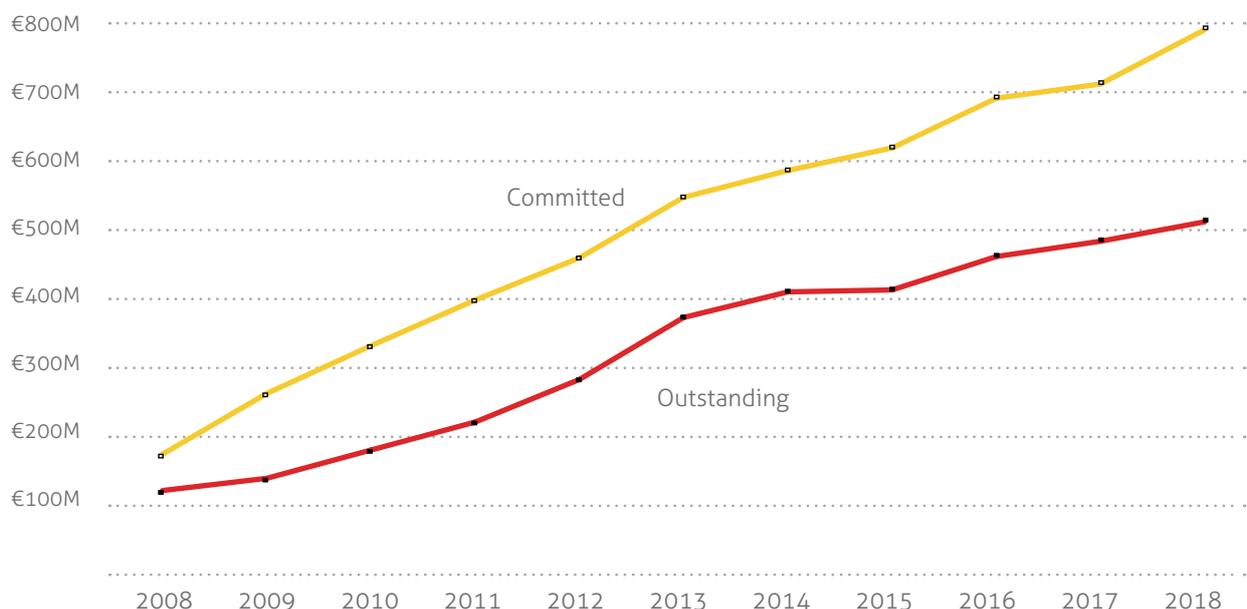
# net commitments

With € 150 M committed in 21 new projects, 2018 proved a difficult year in terms of new investment approvals. The objectives for new commitments in the financial sector and funds department were reached but were below target in the infrastructure and enterprise department. Thanks to renewed prospection efforts throughout the year, however, the pipeline of potential new investments increased significantly, creating a solid starting point to achieve the 2019 target of € 200 M of new commitments.

Emblematic commitments in 2018 included:

- First direct investment in the education sector to support the introduction of the International Baccalaureate (IB) schools in Mali, Burkina Faso and Senegal. These “Enko schools” provide IB secondary education and aim to give their graduates access to the best universities in Europe, the US and Africa and, in the long run, strengthen future technical and managerial competences in Africa.
- An investment in quasi-capital and senior debt in Cofina in Senegal and the Ivory Coast to give micro and small enterprises access to financing adapted to their needs. BIO is the first DFI to invest in Cofina. It also provides technical assistance to support the implementation of high “Client Protection Principles” standards.
- First approval of a Venture Capital Fund dedicated to Africa that supports digital solutions to leapfrog logistical hurdles, including transportation, agriculture distribution as well as access to basic services such as energy, education and health.
- The approval of a loan to Babban Gona, a service provider that supports tens of thousands of Nigerian farmers to access fertilisers, seeds, capital, technical assistance, warehouse services and markets allowing them to substantially increase revenues and reduce uncertainties.

Prospects for 2019 are exciting with a varied pipeline of projects, the introduction of a new investment facility to finance high development impact projects with higher risk or lower return expectations than BIO would normally accept on its balance sheet, as well as the launch of BIO’s first offices in Nairobi and Abidjan to strengthen prospection and client accompaniment.



# 2018 external evaluation

## *financial institutions in ecuador & peru*

Every year BIO has an external consultant evaluate some of its ongoing and/or exited investments. In 2018, BIO focused on five investments in financial institutions in Ecuador and Peru and could draw eight important lessons.

### Banco D-Miro - Ecuador

<b>Type</b>	FI	<b>Signing date</b>	10/2015
<b>Instrument</b>	Debt	<b>Amount</b>	USD 5 M
<b>about</b>	Banco D-Miro provides micro-credit with a strong social focus on underserved groups in vulnerable peri-urban areas in the coastal region.		

### Banco Pichincha - Ecuador

<b>Type</b>	FI	<b>Signing date</b>	06/2016
<b>Instrument</b>	Debt	<b>Amount</b>	USD 15 M
<b>about</b>	Banco Pichincha is the leading general bank in Ecuador with the country's largest branch network. It finances MSMEs throughout the country.		

### Vision Fund - Ecuador

<b>Type</b>	MFI	<b>Signing date</b>	06/2015
<b>Instrument</b>	Debt	<b>Amount</b>	USD 2 M
<b>about</b>	Vision Fund focuses on providing micro-finance to microenterprises in rural and partly urban areas. The target clients are mainly women		

### Acceso Crediticio - Peru

<b>Type</b>	NBFI	<b>Signing date</b>	10/2016
<b>Instrument</b>	Debt	<b>Amount</b>	USD 10 M
<b>about</b>	Acceso Crediticio finances, through leasing, natural gas vehicles and liquefied petroleum gas powered vehicles.		

### Cooperativa Pacífico - Peru

<b>Type</b>	MFI	<b>Signing date</b>	10/2017
<b>Instrument</b>	Debt	<b>Amount</b>	USD 10 M
<b>about</b>	Cooperativa Pacífico, via a membership structure, finances SMEs members in urban areas		

### **Lesson 1**

If you choose financial institutions carefully, you reduce the need to invest in structural changes. Luckily it is part of BIO's DNA to carefully select financial institutions that share its development objectives.

### **Lesson 2**

BIO's investments must continue to play a catalysing role in niche financial markets by providing a stamp of approval to the market and other development finance institutions.

### **Lesson 3**

BIO will continue to enhance the use of reporting, beyond mere financial data. To this end BIO aligns itself with its peers and provides tailor-made reporting templates to its clients. It is not realistic to ask our clients to include research and data collection and analysis, but Technical Assistance is available to those who are willing to do so.

### **Lesson 4**

The monitoring of development results with specific target groups could be improved by offering more detail and by clearly defining the target groups, beyond the generic MSME.

### **Lesson 5**

Subordination is strictly regulated. The terms are set at the beginning of a contract. It therefore makes sense to define the purpose of subordination at that time since contracts cannot be adapted later on.

### **Lesson 6**

Loans are never to be renewed automatically. Follow-on investments should be dependent on explicit development objectives.

### **Lesson 7**

It pays off to synchronise financing with technical assistance (TA). Even though TA is usually demand-driven, BIO will proactively identify gaps and opportunities for potential TA-projects.

### **Lesson 8**

BIO will continue to cooperate and communicate with other (Belgian) development actors and stakeholders since cooperation with non-financing development actors enhances the effectiveness of financing.



# financial report

## balance sheet

### Assets

	2018	2017	2016
<b>Fixed assets</b>	<b>487,131,335</b>	<b>456,788,191</b>	<b>439,346,590</b>
Formation expenses	16,137	13,241	8,732
Intangible assets	200,061	172,091	108,448
Tangible assets	176,551	183,336	168,579
Financial assets	486,738,587	456,419,522	439,060,831
Participating interests in affiliated enterprises	-	-	-
Participating interests in other enterprises	144,526,351	134,784,081	138,610,714
Amounts receivable and cash guarantees	342,212,236	321,635,441	300,450,117
<b>Current assets</b>	<b>467,868,081</b>	<b>430,435,939</b>	<b>333,540,002</b>
Amounts receivable within one year	2,964,166	7,006,040	3,391,751
Investments	448,791,995	408,444,483	320,494,160
Cash at bank and in hand	9,110,716	8,804,992	3,180,872
Deferred charges and accrued income	7,001,204	6,180,424	6,473,219
<b>Total assets</b>	<b>954,999,416</b>	<b>887,224,129</b>	<b>772,886,592</b>

### Equity & Liabilities

	2018	2017	2016
<b>Equity</b>	<b>938,230,076</b>	<b>873,748,235</b>	<b>754,396,178</b>
Capital	4,957,873	4,957,873	4,957,873
Reserves	903,329,691	774,512,192	725,512,192
Accumulated profits (losses)	29,942,512	94,278,170	23,926,114
Provisions and deferred taxes	36,804	39,633	3,233,854
<b>Liabilities</b>	<b>16,732,537</b>	<b>13,436,262</b>	<b>15,256,559</b>
Amounts payable after more than one year	-	-	0
Amounts payable within one year	9,819,978	6,825,611	8,091,199
Accrued charges and deferred income	6,912,559	6,610,651	7,165,360
<b>Total Equity &amp; Liabilities</b>	<b>954,999,416</b>	<b>887,224,129</b>	<b>772,886,592</b>



# financial report

## income statement

	31.12.2018 actuals	2017 audited	2016 audited
<b>Income</b>	<b>28,764,872</b>	<b>95,868,471</b>	<b>26,599,040</b>
Securities	228,625	259,025	337,073
Income on loans (interests)	16,668,465	15,901,156	14,415,340
Income on participations	10,167,782	78,256,886	10,093,971
Dividend	3,963,569	3,970,264	-
Capital Gain/"-"Loss	6,204,213	74,286,622	-
Other (Fees on loans)	1,700,000	1,451,404	1,752,655
<b>Project Charges</b>	<b>-1,348,999</b>	<b>-1,768,522</b>	<b>-1,055,293</b>
<b>Provision for Project Losses</b>	<b>-7,403,286</b>	<b>-8,221,165</b>	<b>-9,688,994</b>
<b>Gross Margin</b>	<b>20,012,587</b>	<b>85,878,784</b>	<b>15,854,754</b>
<b>Expenses</b>	<b>-8,761,513</b>	<b>-7,392,148</b>	<b>-6,416,788</b>
<b>Operating result</b>	<b>11,251,074</b>	<b>78,486,636</b>	<b>9,437,966</b>
<b>Extraordinary result</b>	<b>-156,168</b>	<b>-3,852</b>	<b>-2,519,347</b>
<b>Subsidy: MSME fund</b>	<b>-209,087</b>	<b>-89,157</b>	<b>-176,956</b>
<b>Exchange results</b>	<b>369,705</b>	<b>-1,643,814</b>	<b>139,496</b>
<b>Tax</b>	<b>-810,000</b>	<b>-1,474,642</b>	<b>-165,990</b>
<b>Net result</b>	<b>10,445,524</b>	<b>75,275,171</b>	<b>6,715,169</b>

In 2018 BIO invested € 150.9 M in 23 new projects, compared to € 160.6 M in 27 projects the previous year. For 2019 a considerable increase is expected. This year BIO's net commitment grew with 9%. Its outstanding portfolio increased with 6%, and, even though the exceptional circumstances of 2017 – notably the sale of our participation in a Cambodian

MFI - have not been repeated, BIO enjoyed a successful year. It realised a net profit after tax of € 10.4 M, of which € 6.9 M will be paid out to its shareholder as a dividend. On its outstanding loans BIO made a profit of € 16.7 M in interests. Capital gains and dividends on outstanding participations amounted to € 10.2 M.

# governance & staff

BIO is a private company. Its capital is provided by the Belgian state, the ministry for Development Cooperation. Its 2001 starting capital amounted to 5 million euro. Since then, the ministry of Development Cooperation has been regularly putting additional equity (development certificates) at BIO's disposal. The annual shareholders' meeting was held on May 29<sup>th</sup> 2019 at which the shareholders discharged the Board and Auditor from liability.

## Board of Directors, Investment, Audit and Human Resource Committees

The Board of Directors (BoD) decides on strategy and policy, and exercises strict internal control on the basis of regular reporting. It oversees the implementation of BIO's mandate and has the final word on all investment projects. Two government commissioners, one appointed by the minister of Finance and the other by the minister for Development Cooperation, assist the Board of Directors in ensuring that the State-provided funds are well-managed. They are invited as observers to all meetings of the Board and its Committees. The

remuneration of the members depends on their function (president, vice president and member) and the number of committee meetings attended. The Investment Committee (IC) advises the Board of Directors on investment decisions and analyses and monitors the portfolio. The Audit Committee (AC) supports the Board in its oversight responsibilities regarding internal control in the broadest sense, including internal control over financial reporting. The Human Resources Committee (HRC) assists the Board in human resource policy matters.

## Credit Committee

The role of the Credit Committee (CC) is to formulate proposals to the CEO concerning decisions on minor

investments, waivers and Business Development Support Fund measures delegated by the Board.

	BOD	Remuneration	IC	AC	HRC
Christophe Soil	P until 07/18	€ 4,653	ob	ob	ob
Jan Kerremans	VP	€ 9,000		m	m
Els Schelfhout	VP	€ 11,479	Ch		
Laurence Christians	m	€ 6,000		m	
Françoise Demeuse	m	€ 6,000			Ch
Koen Devoldere*	ob	€ 14,000			
Jean-Claude Fontinoy	m	€ 9,500	m		
Xavier Godefroid	m	€ 6,500			m
Carl Michiels	m	€ 9,000	m		
Peter Moors **	ob	€ 14,000			
Gaëlle Smet	m	€ 9,500	m		
Anuschka Vandewalle	m	€ 6,000			m
Hilde Vautmans	m	Voluntarily non-remunerated	m		
Pieter Verhelst	m	€ 6,500		Ch	
Bruno Van der Pluijm ***	ob	€ 7,500	m		
Yves Windelincx		€ 5,000	EE		

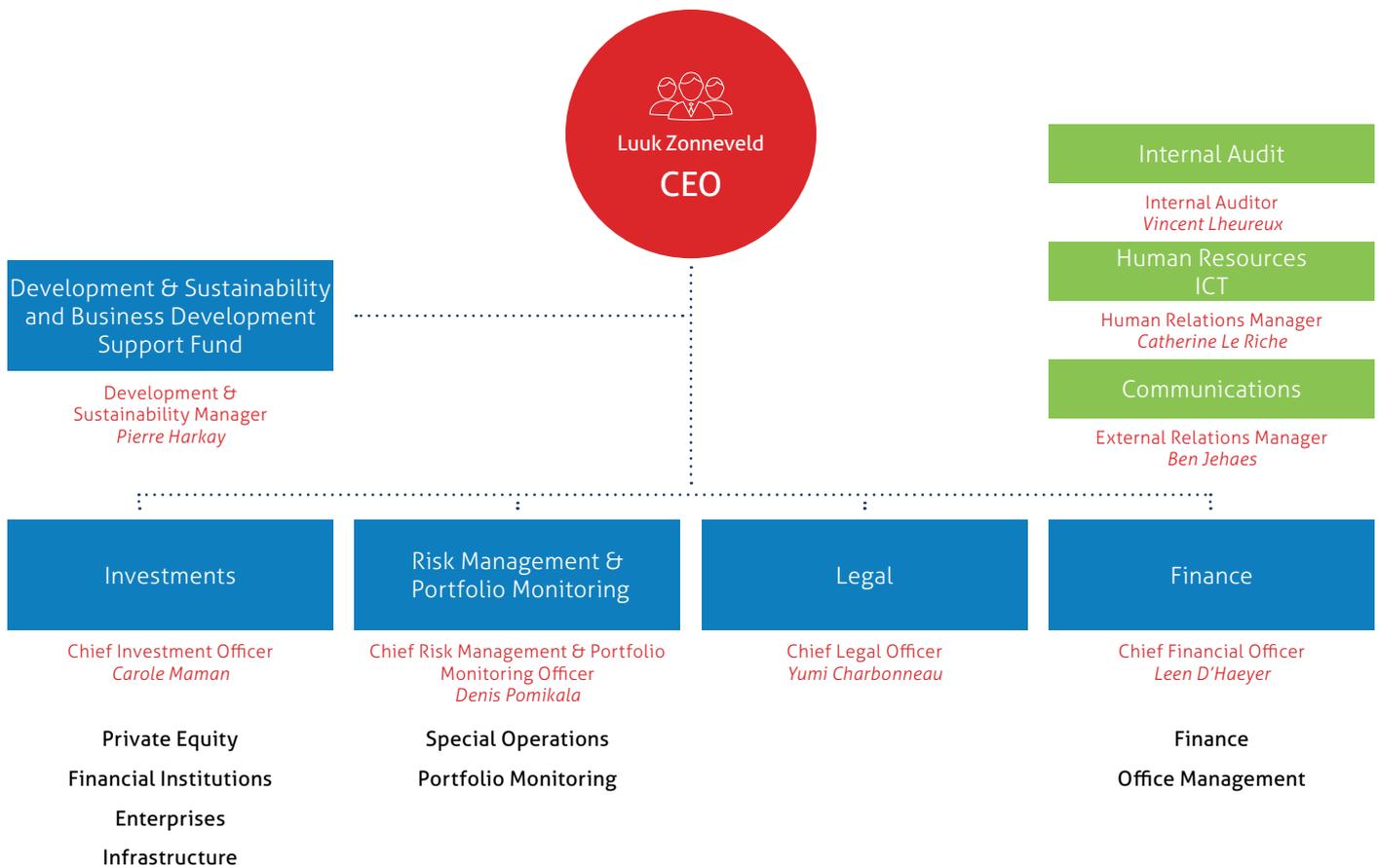
		ExCom	CC
Luuk Zonneveld	CEO	m	P
Yumi Charbonneau	CLO	m	m
Sebastiaan de Vries	COO until 06/18	m	
Carole Maman	CIO	m	m
Denis Pomikala	CMO	m	m
Leen D'Haeyer	CFO from 07/18	m	
Pierre Harkay	D&S		m

## Legend

P	President	Ch	Chair
VP	Vice-President	EE	External Expert
Ob	Observer	m	member
* Government Commissioner - Ministry of Finance			
** Government Commissioner - Ministry for Development Cooperation			
*** Director-General for Development Cooperation and Humanitarian Aid			

## External Control

The funds entrusted to BIO by the Belgian government are subject to particular scrutiny. BIO is supervised by its two government commissioners. The Belgian Court of Audit conducts an annual financial audit. BIO accounts are annually certified by an external auditor. BIO is also regularly evaluated by the government's special evaluator: the first evaluation took place in 2007, the second evaluation in 2012/2013. Every year, BIO contracts an external evaluator to take a closer look at a minimum of five investments – this year with a focus on investments in financial institutions in Peru & Ecuador.



Development Finance Institutions have been created to disappear once the markets have taken up their role. Like it or not, becoming a development banker sets you apart.

*Carole Maman, CIO*



# quality management & internal control

## Enterprise Risk Management

BIO provides long-term investments to the private sector in developing countries, which entails expanding the investment frontier into the most challenging markets. In doing so, BIO is exposed to a variety of financial and non-financial risks. Sound risk management is crucial in fulfilling BIO's mission. BIO's risk management philosophy is defined to maximise the development impact, while preserving the company's financial sustainability, and to be selective in undertaking activities that could cause a significant adverse reputational impact.

BIO's Enterprise Risk Management (ERM) framework is designed to enable the prudent management of financial and reputational impacts that originate from the organisation's business activities. In this context, BIO's risk management efforts are designed specifically to help align the organisation's performance with its strategic direction.

On a yearly basis, BIO's Management issues a list of the organisation's largest risks, which are assessed against their potential impact and likelihood of occurrence. This list contains about a dozen of key risks, amongst which the credit risk, the foreign exchange risk and the reputational risk.

## Internal Audit

BIO has had an effective Internal Audit (IA) function since August 2017. IA is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of BIO. It assists BIO in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's governance, risk management, internal control.

This IA function operates in accordance with an IA Charter which was approved by the Audit Committee in September 2017. This Charter defines the mission, responsibilities, scope of work, reporting and other key attributes of the function. The IA function governs itself by adherence to the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors.

## Know Your Customer - KYC

For many years now, BIO has specific procedures in place for anti-money laundering (AML) and combating the financing of terrorism (CFT), in accordance with the applicable Belgian legislation. Any new project considered for financing is subject to a thorough analysis to detect and prevent any unacceptable AML/CFT risk.

BIO periodically evaluates these procedures and amend them if necessary.

## Management Capacity

BIO continuously targets the high-quality execution of its corporate purpose and of the missions entrusted to the organisation. In this context, in 2018 BIO was subject to a comprehensive evaluation of its management capacity, assessed against four criteria that were defined in the new management contract enforced on 1 January 2019:

1. the strategic management, assessed on the basis of the annual corporate plan and the accountability on the objectives in the plan;
2. the operational and administrative management and the internal control, which was verified by an independent auditor by means of obtaining the European Commission's Pillar Assessment, a prerequisite for being entrusted with EU funding through indirect management;
3. the expertise management, aimed to ensure the company has systems in place to ensure that it has at all times the expertise necessary to adequately execute its activities, which was also verified by an independent auditor; and
4. the evaluation system of projects, verified by means of obtaining its certification by the Special Evaluation Service of the Ministry of Development Cooperation, which appointed an independent assessor for this purpose.

During its meeting held on 11 December 2018, BIO's Board of Directors acknowledged that the organisation satisfactorily fulfilled all the aforementioned criteria. ▶

## Grievance Mechanism

BIO's Grievance Mechanism is a citizen-driven accountability mechanism that responds to grievances and demands for redress by people affected or potentially affected by projects financed by BIO. This promotes more inclusive and sustainable development by giving people a greater voice in projects that can affect them.

The grounds on which a grievance can be submitted encompass two main categories:

1. Material adverse effects with respect to environmental and social matters (e.g. pollution, working conditions, involuntary resettlements, etc.);
2. Non-compliance with legal provisions and deviations from good practices with respect to governance and business integrity (e.g. money-laundering, fraud, corruption, bribery, etc.).

Complainants are kept informed all along the handling of their grievance by the Mechanism, which also guarantees the strict confidentiality of the complainants' identity.

BIO's Grievance Mechanism is managed by BIO's Internal Audit (IA) function, to ensure independence and impartiality. It means the IA function is responsible for receiving the complaints, assessing their admissibility, performing preliminary analyses and proposing actions to the governing bodies. BIO's IA function reports directly to the Audit Committee and the Board of Directors.

During the year, 2018 three grievances were submitted through the Mechanism. Two of them were found ineligible because it concerned financing requests. The remaining one concerned a former African SME investment.



# annual report 2018

## the quest for a better life



**BIO**



Belgian Investment Company  
for Developing Countries

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- investment companies & funds
- infrastructure
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