



SOCIAL CAPITAL

Impact Report

2018

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COVER: Elena Francesca Imbacuàn Ponce is the founder of Asoserteñas in Atuntaqui, Ecuador. The association's operations are bolstered by Cooperativa de Ahoro y Crédito Mujeres Unidas (CACMU), a microfinance institution in MCE's portfolio. Read Elena's story on page 32 of this report.
PHOTOGRAPHER: HARRISON PHARAMOND / MCE / ECUADOR

LEFT: A smallholder vanilla farmer in Tanzania and client of Natural Extracts Industries (NEI), an agribusiness in MCE's Small and Growing Business (SGB) portfolio.
PHOTOGRAPHER: TEK PRODUCTION SERVICES / NATURAL EXTRACT INDUSTRIES / TANZANIA

DESIGN: HARRISON PHARAMOND, MCE Impact Analyst and Communications Associate

NANCY YUZON, NKDY Design

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Dear Friends of MCE,

Since 1999, Sylvia Simms has been the lead receptionist at the firm (Groom Law Group) where I lawyered for many years. When she's not excelling at her job, she volunteers her time and shares her salary with homeless women and others in need in the nation's capital. When she thumbed through MCE's last Impact Report, she noticed the beautiful photos of women from Asia, Latin America, and Africa, and commented without hesitation, "They're smiling because they're working."

As I write this, there are mothers up before dawn setting up their stalls at markets, feeding their chickens, and processing cashew nuts, all to feed their children, put shoes on their feet, pay their school fees, and give them choices and dignity and hope. They are working with love. They will accept aid if they must, but what they want is *work*—the economic opportunity to support their families *themselves* and give their children a better life. Just like you and me.

That's why we do what we do at MCE. We strive to generate these opportunities by supporting the organizations that are best positioned to provide these women with the knowledge, resources, and capital to improve their lives and the lives of their families. And there are no organizations better suited to this task than the microfinance institutions and small and growing businesses in our portfolio. These organizations are often a crucial part of the communities they serve, a vital source of economic opportunity, and a path to build thriving, local economies.

We take pride in the organizations that we support and where we support them. Our model allows us to reach extremely marginalized people in some of the most challenging places in the world, where our capital is needed most and where the potential for social progress is greatest.

In the face of ever-changing and at times disheartening global forces and trends, we are proud to be among those who are unwavering in their pursuit of a better world. We are shoulder to shoulder with dedicated, like-minded individuals, grassroots organizations, foundations, and international institutions, but most importantly, we have on our side one of the most powerful forces in nature—a mother's determination to build a better future for her children.

Thank you for your support.

Warm regards,



Gary Ford, CEO





our mission /

We unlock capital to empower families living in poverty to build a better future.

our vision /

A world in which all people have the opportunity to improve their lives through access to knowledge, resources, and capital.

LEFT: Daw Myint Myint Win is a duck farmer and livestock loan client of Proximity Finance, a microfinance institution in Myanmar. She uses her loan to care for her ducks, which are the primary source of income for her family.

PHOTOGRAPHER: HARRISON PHARAMOND /
MCE / MYANMAR

PAGE 5: Ma Su Su Htwe is an enterprise loan client of Proximity Finance. She has a small retail business that sells fresh fish at the local market in Pyapon, Myanmar. She spends much of her time taking care of her five children with her husband, who is a carpenter.

2018 highlights /

DISBURSEMENTS REACHED AN ALL-TIME HIGH OF \$31.1M

In 2018, MCE disbursed a total of \$31.1M to 31 microfinance institutions (MFIs) and eight small and growing businesses (SGBs) across 20 countries, a 22% growth over the \$25.5M in disbursements in 2017. As of the end of 2018, MCE has disbursed over \$186M to 117 institutions in more than 45 countries across the developing world.

STRONG SGB PORTFOLIO GROWTH

In the second full year of MCE's SGB portfolio, the portfolio grew from \$2.7M to \$3.7M—a 37% year-over-year growth rate. The number of active SGB clients nearly doubled, from eight to 15. MCE made SGB investments in three new countries as well—Zambia, Nicaragua, and Moldova. Overall, MCE disbursed \$2.8M to eight SGB clients across eight countries in 2018, including five new clients across five countries.

INCREASED COMMITMENT TO AFRICA

MCE's portfolio in Africa grew from \$8.1M in 2017 to \$11.4M in 2018, an increase of 42%. In 2018, MCE disbursed a total of \$7.2M to six SGBs and four MFIs in Africa—the continent now represents 19% of our total portfolio, compared to 14% last year.

MCE EXPANDS TO EUROPE

In 2018, MCE opened an office in Barcelona, Spain, where four members of the portfolio team are now located. In addition, MCE Social Capital Stichting was formally established in the Netherlands to facilitate the expansion of our Guarantor community in Europe.

GROWTH IN NOTE SALES

MCE sold a total of \$12.6M in Global Economic Opportunity Notes in 2018—the largest amount in private notes sold in a single year—and ended the year with the highest outstanding amount ever at just over \$20M.



our model /



“

When I heard about MCE, I had been making an annual donation of \$20,000 to a micro-finance organization. I understood that by using my assets in the form of a guarantee, I would be donating less (an average of around \$5,000/year) and compounding the effect by over 25 times! I signed up immediately.”

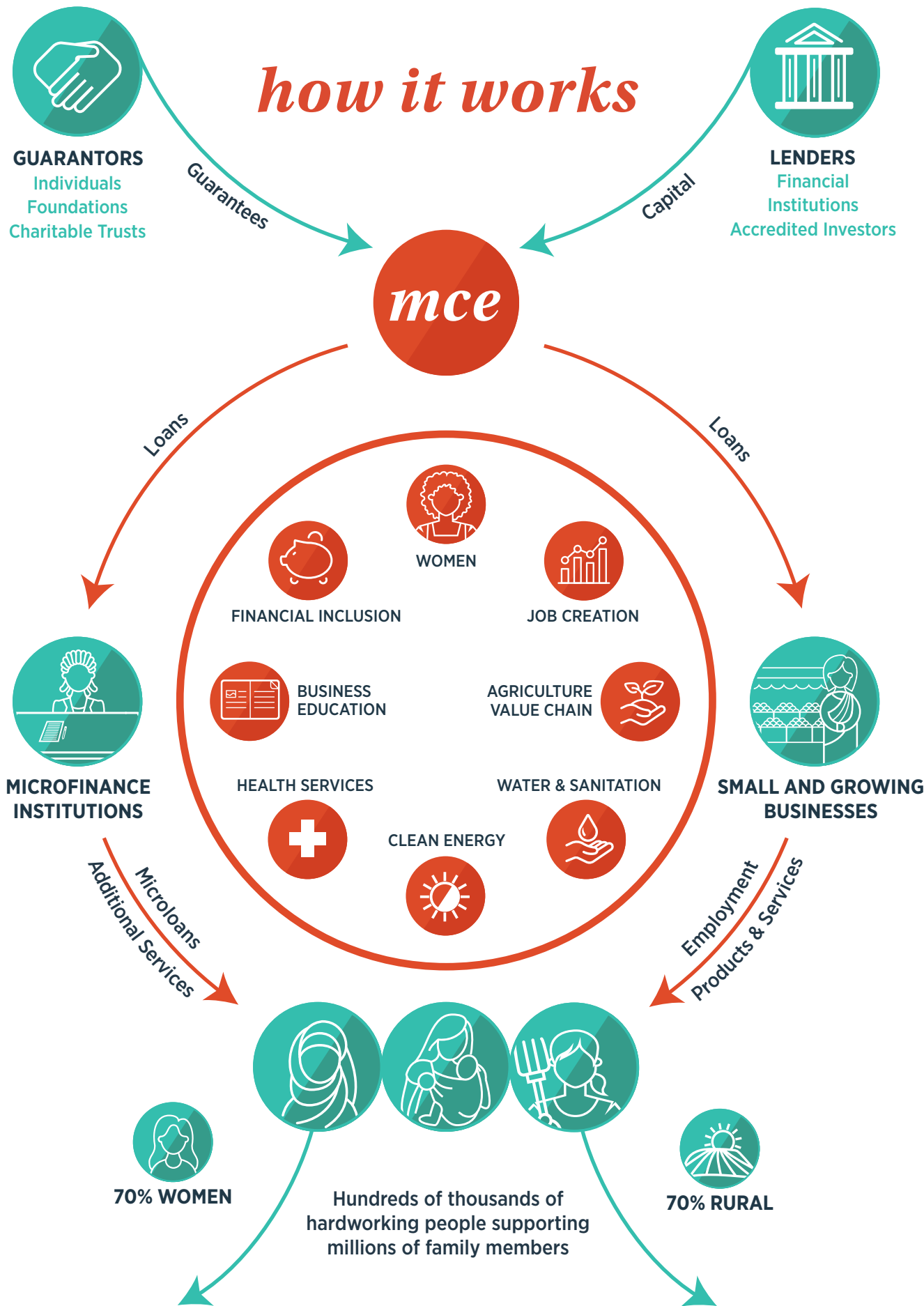
Bonny Meyer

Partner of Meyer Family Cellars, MCE Guarantor since 2007

Our innovative loan guarantee model enables us to unlock capital to support institutions generating economic opportunities for underserved communities across the developing world.

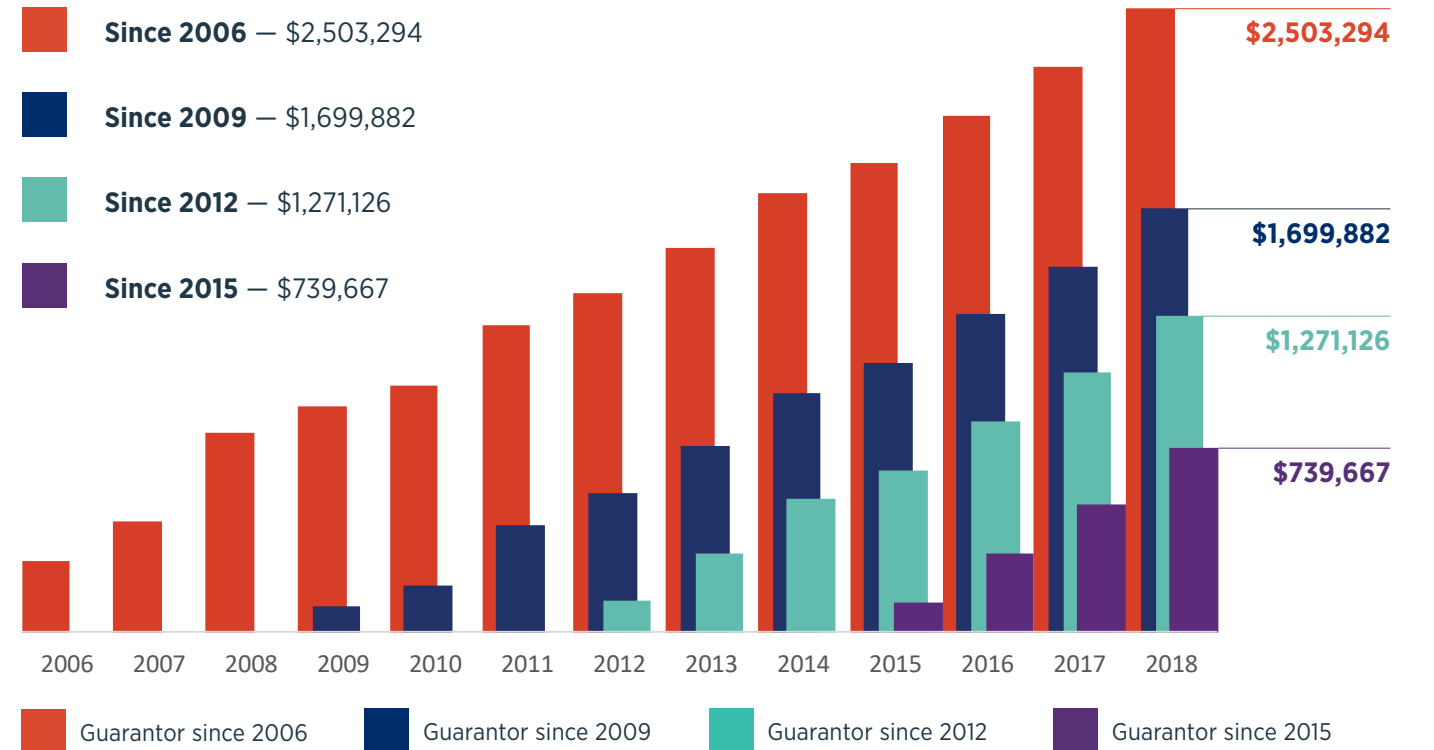
LEFT: A smallholder farmer in Zambia and client of Good Nature Agro (GNA), an agribusiness in MCE's SGB portfolio. Learn more on page 23.
PHOTOGRAPHER: AMIE FLETCHER / GOOD NATURE AGRO / ZAMBIA

PAGE 9: Juan Hernandez is the owner of Emcoprode, a construction enterprise in Ibarra, Ecuador, that has received two loans from CACMU.
PHOTOGRAPHER: HARRISON PHARAMOND / MCE / ECUADOR



the power of a guarantee

Cumulative Amount Disbursed per MFI Guarantee*



Philanthropic guarantees enable MCE to leverage the excellent credit of high-net-worth individuals and foundations (our Guarantors) to borrow capital from U.S. and European financial institutions and accredited investors. MCE then strategically deploys this capital to two types of organizations:

- **Microfinance institutions (MFIs)** that help people living in rural areas gain access to credit, savings accounts, insurance, healthcare and health education, business education, and technical assistance.
- **Small and growing businesses (SGBs)** in the agriculture value chain, water and sanitation, and renewable energy sectors, to create reliable jobs in rural economies, raise smallholder farmers' incomes, and address basic needs in underserved areas.

An MFI Guarantor who joined in 2006 has personally enabled \$2.5M in disbursements to MFIs across the developing world. Compared to the total charitable gifts that same Guarantor has made to MCE since 2006 of \$38,500, the multiplier effect is significant.

An SGB Guarantor who joined in January 2017 at the launch of the SGB portfolio has personally enabled \$223K in disbursements to SGBs. As of the end of 2018, that SGB Guarantor has not been required to make any charitable gifts to MCE.

*In 2018, we adopted a more conservative methodology for calculating the cumulative amount disbursed per guarantee, so you'll note that the numbers reported are lower than in 2017.

our portfolio /



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The combination of our MFI and SGB lending is a powerful approach to foster financial inclusion, support micro-entrepreneurs, create permanent jobs, raise the incomes of smallholder farmers, and create vibrant economies in developing countries.”

Pierre Berard

MCE Managing Director and Chief Investment Officer

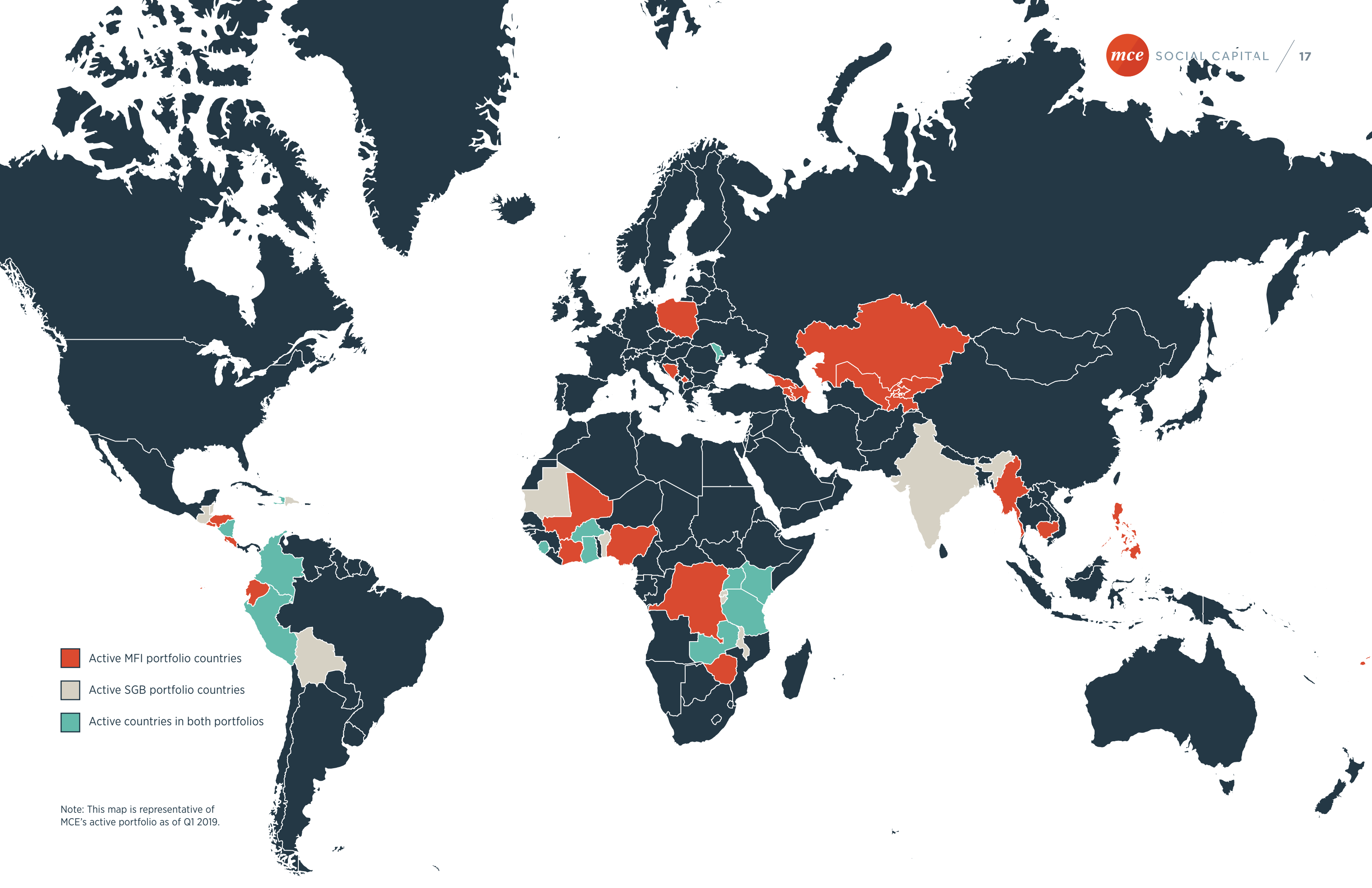
As of December 31, 2018, MCE's portfolio consisted of \$61.6 million outstanding in 45 MFIs and 15 SGBs operating across 41 countries throughout the developing world. The MFI and SGB portfolios were collectively backed by \$136 million in loan guarantees.

Martina and José Pupiales run a small hospitality business and a carpentry business outside of Ibarra, Ecuador. They have been clients of CACMU since 2000.

PHOTOGRAPHER: HARRISON PHARAMOND /
MCE / ECUADOR

- Active MFI portfolio countries
- Active SGB portfolio countries
- Active countries in both portfolios

Note: This map is representative of MCE's active portfolio as of Q1 2019.



microfinance institutions /

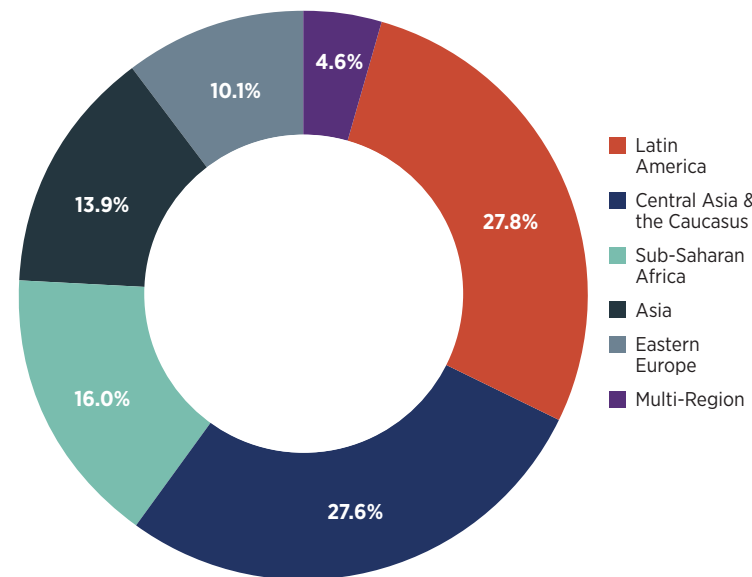
Since 2006, MCE has been providing debt capital to MFIs that help people living in rural areas gain access to credit, savings accounts, insurance, healthcare and health education, business education, and technical assistance.

More than two billion people in the world, especially women and families in rural areas, lack access to formal financial services and consequently must contend with financial insecurity on a daily basis.¹ Although the provision of microcredit alone will not alleviate poverty, it is a critical and powerful mechanism that helps people build assets, manage risks and unpredictable income, and gain the freedom to decide how to make and spend money.

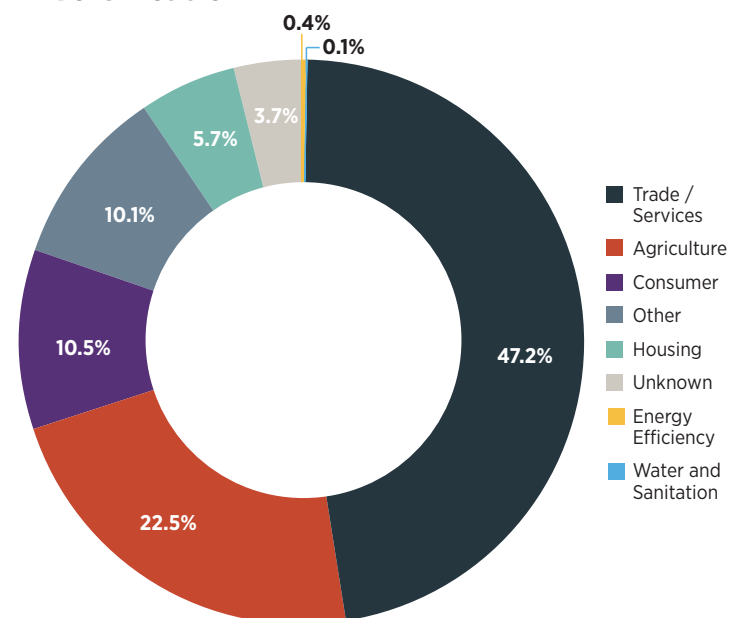
When combined with other nonfinancial services, microfinance can promote sustainable growth by improving livelihoods, strengthening institutions, promoting gender equality, and providing economic opportunity and security. MCE lends to MFIs that serve predominantly women and rural borrowers and provide important services such as business education, financial literacy training, and health services. In recent years, the MFI market has continued to transform and adapt to the realities on the ground; MCE has accompanied this evolution by financing institutions like EFTA, which provides leasing for agricultural equipment (see page 20), and other institutions that go beyond traditional microfinance.

As of December 31, 2018, MCE's MFI portfolio consisted of \$58M outstanding in 45 MFIs across 35 countries, backed by \$124M in loan guarantees from over 100 MFI Guarantors.

Regional Diversification



Sector Diversification



Reyna Margarita Martinez de Castillo has been a client of CrediCampo for over five years. She uses her loans to restock and grow her retail business, which she and her husband started more than 13 years ago. Together, they manage the business and sell various snacks as a secondary source of income. They are dedicated to ensuring a bright future for their two sons.
PHOTOGRAPHER: CREDICAMPO / EL SALVADOR



In 2018, MCE disbursed a total of \$1.4 million to **CrediCampo**, a cooperative in El Salvador that seeks to alleviate poverty and empower communities through access to credit and community development services. CrediCampo's unique distribution model through Associations of Communal Development (ADESCOs) enables the MFI to reach the most remote segments of the population. ADESCOs are legally structured communities within municipalities in rural areas of the country, mainly composed of smallholder farmers. Through these ADESCOs,

CrediCampo and Fundación Campo, its partner foundation, are able to provide financial services to underserved regions and catalyze public and private resources for the improvement of the communities. Fundación Campo acts as a liaison between the community, local government, and national and international donors. Over the years, the foundation has helped facilitate over 50 development projects, including building schools and health clinics, paving roads, and bringing clean water infrastructure to remote communities throughout El Salvador.

As of December 31, 2018, CrediCampo had a loan portfolio of \$46.4 million serving 27,982 borrowers, 80% of whom lived in rural areas and 47% of whom were women. CrediCampo has been a part of MCE's MFI portfolio since June 2015.

¹ "Financial Inclusion Overview," World Bank Group. April 2017.



In October 2018, MCE made a \$1 million investment in **Equity for Tanzania (EFTA)**, an equipment leasing company that targets farmers and small and medium-sized enterprises (SMEs), in order to support job creation and promote economic development in Tanzania. African SMEs are often hindered by high interest rates and onerous collateral requirements, which prevent them from accessing the credit they need for machinery, equipment, or vehicles to enhance their operations.

Equipment leasing is a particularly powerful tool for SMEs because it decreases the capital required to acquire equipment, thus freeing up cash flows for working capital. EFTA partners with a number of vehicle and equipment suppliers (manufacturers and distributors) in Tanzania, acquires these assets with an upfront payment, then leases them to clients for productive purposes.

As of December 31, 2018, EFTA had a \$13.8 million portfolio consisting of 741 borrowers—70% of whom were rural—across the agriculture, manufacturing, and services sectors. MCE’s working capital loan to EFTA will support the company’s growth and allow EFTA to expand its portfolio of equipment loans to smallholder farmers and SME entrepreneurs.



This man uses his loan from EFTA to finance a tractor, which improves the productivity of his farm. He also employs a tractor driver and earns supplemental income by renting the tractor to other farmers in his community. Once his loan is fully paid, he will own the tractor.
PHOTOGRAPHER: ALAN MATHERS / EFTA / TANZANIA



The **Alliance for Microfinance in Myanmar (AMFIM)** provides a wide range of financial services and education to low-income entrepreneurs, especially women in rural areas, who are held back by poverty and financial exclusion. Myanmar is one of the poorest countries in Asia, with 32% of the population living under the poverty line and less than 30% with access to formal financial services. AMFIM is one of the leading financial institutions addressing financial exclusion in Myanmar. MCE was AMFIM’s first commercial lender when we disbursed a \$600,000 loan in April 2016, when the institution’s portfolio was just under \$1.5 million and reached about 14,000 borrowers. Our loan proved highly catalytic for AMFIM, attracting other international lenders and allowing the institution to expand its portfolio significantly.

Nearly three years later, as of December 31, 2018, AMFIM had a \$27.8 million portfolio consisting of 148,364 borrowers—82% of whom were women and 55% of whom were rural. The institution provides a combination of mandatory and voluntary savings products to all of its borrowers and provides financial literacy training prior to the disbursement of every loan.



In September 2018, MCE made a \$1.5 million investment in **Elet Capital**, an MFI based in Bishkek, Kyrgyzstan, that focuses on serving low-income rural entrepreneurs with formal financial services that would otherwise be unavailable. Through its network of eight branches across the country, Elet makes individual loans primarily for agricultural and housing needs, in addition to working capital and the purchase of productive assets. Elet’s innovative lending model leverages the knowledge of senior members of rural communities, employing those with

strong reputations as “Rural Representatives,” responsible for sourcing, vetting, and ultimately providing a social guarantee for prospective borrowers. This model serves as an additional form of risk management for Elet, while providing economic opportunities for older citizens whose incomes are often limited to pensions or small-scale business activities.

As of December 31, 2018, Elet Capital had a \$11.4 million portfolio consisting of 15,203 borrowers, 48% of whom were women.

small and growing businesses /

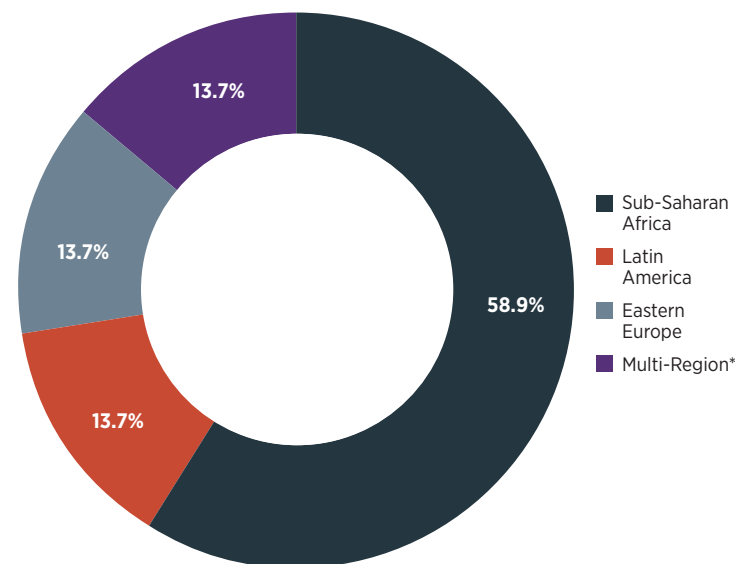
MCE provides catalytic debt capital to SGBs in the agriculture value chain, water and sanitation, and renewable energy sectors to create reliable jobs, raise smallholder farmers' incomes, address basic needs in underserved areas, and strengthen local economies throughout the developing world.

MCE formally launched its SGB portfolio in March 2017, aided by a \$1 million grant from USAID's Partnering to Accelerate Entrepreneurship (PACE) Initiative. Previously, MCE had been making loans to SGBs since 2013 using its own retained earnings and donations.

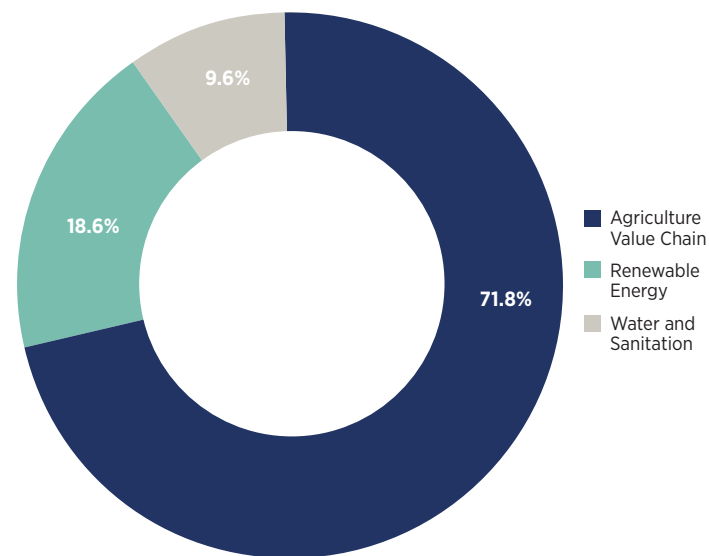
As the dominant form of entrepreneurial activity in emerging markets, SGBs hold the potential to transform communities and alleviate poverty through the jobs they create and the products and services they offer. However, SGBs often lack access to sufficient, appropriately structured growth capital. When informal SGBs are taken into account, the total credit gap is estimated to be between \$2.1 and \$2.6 trillion. This gap is even more pronounced for women-owned SGBs, 70% of which are unserved or underserved—an additional \$285 billion credit gap.¹ MCE's SGB portfolio aims to address these market gaps and maximize the potential of SGBs to alleviate poverty throughout the developing world.

As of December 31, 2018, MCE's SGB portfolio consisted of \$3.7M outstanding in 15 SGBs across 16 countries, backed by \$12M in loan guarantees from 19 SGB Guarantors. Since 2013, MCE has disbursed a total of \$7.1M to 17 SGBs.

Regional Diversification



Sector Diversification



A smallholder farmer client of Good Nature Agro in Zambia. Out of the 4,700 smallholder farmers in Good Nature Agro's network as of the end of 2018, 2,116 (45%) were women.
 PHOTOGRAPHER: AMIE FLETCHER / GOOD NATURE AGRO / ZAMBIA



In August 2018, MCE made a \$450,000 investment in **Good Nature Agro** (GNA), a for-profit agribusiness in Zambia. Founded in 2014, GNA invests in Zambian smallholder farmers to generate lasting income by providing technical assistance, inputs, and access to a ready-made market. The result has been a twofold increase in productivity for over 4,700 farmers in Zambia's Eastern Province.

First, GNA multiplies newly released legume seed varieties that have been developed by breeders. These varieties are higher quality but typically not accessible to the smallholder

farmers who need them most. The company then provides these seed inputs to smallholder farmers, with superior training and customer service. Farmers use these seed inputs to grow high-quality legume seeds for sale, which GNA purchases from them and sells to a number of buyers who have a large, ongoing demand for seeds.

GNA's impact is evident across a number of dimensions, including: 1) increased incomes for smallholder farmers; 2) increased local employment opportunities; and 3) improved soil health through increased crop variety and effective agricultural practices. MCE's investment in GNA is primarily working capital to help the organization serve a larger number of farmers. With strong demand from both ends of its value chain, GNA is poised to scale. The company began working with just 40 farmers in 2014. Today, GNA is reaching over 4,700, with the goal of enabling 100,000 smallholder farmers to achieve US\$600 per hectare in income by 2023.

¹ "What's Happening in the Missing Middle? Lessons from Financing SMEs," World Bank Group. March 2017.

MoringaConnect

In March 2018, MCE made an \$80,000 loan to **MoringaConnect**, a moringa processing and marketing business that operates in Ghana and the United States. The company sources moringa seeds and leaves from Ghanaian smallholder farmers, processes them into moringa oil and powder, then exports or sells them locally in the Ghanaian market. MoringaConnect utilizes a vertically integrated supply chain to improve the lives of farming families, purchasing raw materials from them while teaching about the benefits of moringa trees and the best agricultural practices to care for them.

MoringaConnect's social impact is threefold, as it:

- 1) expands market access for smallholder farmers,
- 2) creates local, formal employment opportunities, and
- 3) contributes to positive environmental outcomes through training and technical assistance.

In 2018, MoringaConnect sourced from 859 suppliers. In addition, 1,822 smallholder farmers, 44% of whom were women, received training in sustainable agricultural practices, advice on how to incorporate moringa into their everyday meals for a healthier diet, and financial literacy training through village savings and loans associations (VSLAs) that MoringaConnect helped to form.

As of December 31, 2018, MoringaConnect employed a total of 155 people—97 permanent employees and 58 temporary employees. Since the company was founded in 2013, MoringaConnect has reached over 5,400 farmers and trained over 2,100 farmers.



In September 2018, MCE made a \$200,000 investment in **Sol Organica**, a certified B-Corporation in Nicaragua that works to improve the livelihoods of tropical fruit farmers while maximizing their agricultural potential and promoting the use of sustainable and organic farming practices. Sol Organica sources, processes, and exports pureed, juiced, and dried tropical fruits, working closely with smallholder farmers to improve agricultural practices, secure organic and fair-trade certifications, and enter into fixed contracts that guarantee the purchase of their crops at prevailing market prices. Through Sol Organica, over 500 smallholder farmer families in Nicaragua benefit from access to new markets, training and technical assistance, higher productivity, fair and stable prices, and access to financial services. MCE's loan will support Sol Organica's continued growth by increasing its production capacity and allowing the business to diversify its product line and ultimately reach more smallholder farmers in Nicaragua. As of December 31, 2018, Sol Organica employed 81 permanent employees and 36 temporary employees, 40% of whom were women.



natural extracts industries ltd

In November 2018, MCE made a \$155,000 investment in **Natural Extracts Industries** (NEI), a for-profit social enterprise based in northern Tanzania that works to accelerate the economic growth of smallholder farmers by adding value to their crops through sustainable agricultural practices and providing access to global markets. NEI procures vanilla pods, among other products, from smallholder farmers, processes them, and sells them to local and international buyers. Today, NEI works with more than 1,600 farmers in its network, providing technical assistance to support and

educate them on sustainable practices to grow the raw materials used to create premium extracts. These farmers benefit from higher purchase prices, reliable market access, and training that leads to higher yields and ultimately higher incomes.

As of December 31, 2018, NEI employed 37 individuals, 32% of whom were women. In 2018, NEI provided agricultural inputs to over 1,200 smallholder farmers and trained nearly 3,800 more on various agronomic topics. In the past two years, NEI has sourced from more than 500 suppliers, 27% of whom were women.



Employees of MoringaConnect in a moringa field. From left to right: Wisdom Kewa, Irrigation Supervisor; John Manu, Community & Ingrower Supervisor; Francis Agyapong, Nucleus Farm Manager; and Jonathan Chiu, Input Supply Chain Coordinator.

PHOTOGRAPHER: FABRIZIO COMETTO / MCE / GHANA

our impact /

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MCE provided us with a working capital loan that allowed us to quadruple our shea picker base. MCE's flexibility and support have been integral to our growth, and we look forward to a continued partnership.”

Naa-Sakle Akuete

CEO of Naasakle International and Founder of Eu'Genia Shea

In 2018, the MFIs and SGBs in MCE's portfolio improved the lives of more than 4,100,000 people through access to financial services, business and health education, new markets, technical assistance, clean water, renewable energy, and economic opportunities.

A shea picker in Naasakle's network in New Longoro, Ghana.
One hundred percent of the company's shea pickers are women.

PHOTOGRAPHER: VICTOR JUTTMANN /
MCE / GHANA

our impact methodology /

Social impact is the core of our mission as an impact investor, and thus is an essential component of our investment approach.

For all of our investments, we assess and monitor social impact through a number of methods at different stages:

Initial Appraisal: We assess social impact as a discriminating factor in the first stages of a potential investment. We carefully evaluate each prospect's alignment with our mission and its contribution to our impact objectives within the specific context of each individual investment.

Due Diligence: We place a strong emphasis on social impact during our on-the-ground due diligence process, which includes interviews with end beneficiaries as well as a systematic review of client data, policies, and procedures in place to ensure maximum impact.

Monitoring: We collect social and operational data on a regular basis post-investment to monitor the progress of our investments over time.

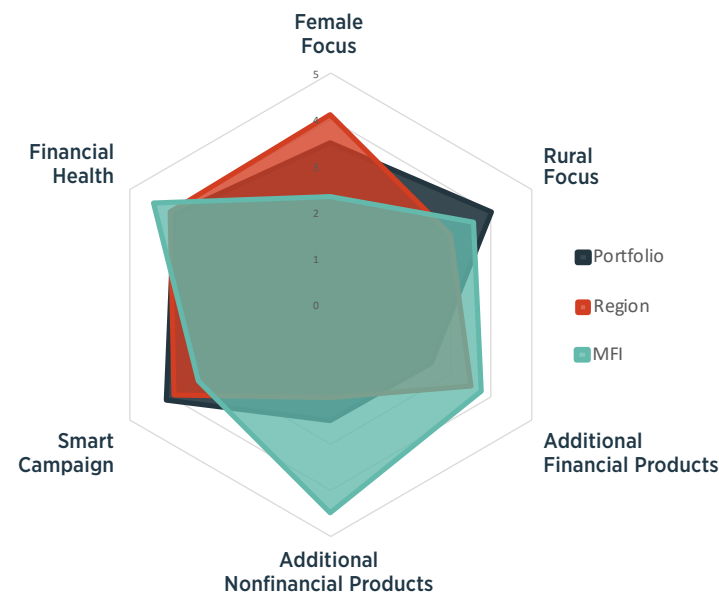
Annual Impact Surveys: Last year, we revamped our impact data collection by conducting the first portfolio-wide impact survey of our MFI portfolio, which gathers data on end borrower, employee, and sector compositions, the breadth of additional products and services, and more. This year, we expanded this survey to include our SGB portfolio as well.

In 2018, we began developing a new **MFI Impact Rating Model** (illustrated below) for assessing the social impact of prospective and active MFI investments. This model, which is currently being piloted, will serve two key purposes:

- As a **pre-investment tool** for rating impact in relation to our active MFI portfolio;
- As a **post-investment tool** for monitoring the impact of our MFI portfolio over time.

The model takes into account several dimensions that are key to our mission: focus on women; focus on rural areas; additional financial and nonfinancial products and services; adherence to Smart Campaign principles; financial health; breadth of impact; and the extent to which the market is underserved.

In the illustration below, the top layer (green) represents a hypothetical MFI's performance along the social dimensions listed above. This allows us to compare that MFI to the social performance of our portfolio in the relevant region (orange) and across our entire portfolio (navy).



U.N. sustainable development goals /

In 2015, the United Nations established the Sustainable Development Goals (SDGs), a strategy to end poverty, protect the planet, and ensure prosperity for all by 2030.¹

MCE strongly believes that microfinance is a key enabler of many of these goals. SDG 1—to end extreme poverty—explicitly mentions equal rights and access to financial services, including microfinance. Financial inclusion has a direct or indirect impact on nearly all aspects of development, including gender equality, health, education, and economic growth. This is confirmed by a working paper published in April 2016 by the World Bank's Consultative Group to Assist the Poor (CGAP), which describes the links between access to financial services and SDGs 1 - 10 and 16.²

In addition, the small and growing businesses in MCE's portfolio work in the agriculture value chain, water and sanitation, and renewable energy sectors, directly contributing to SDGs 2, 6, 7, 8, and 13.

These goals are ambitious and interconnected, and achieving them will require immense effort by public and private parties in many sectors. MCE believes that our work directly contributes toward achieving the following highlighted set of SDGs:



A note on other industry initiatives:

MCE is supportive of various industry initiatives that are advancing impact measurement and management practices, including IRIS, the Impact Management Project, GIIN's Navigating Impact Initiative, and the Social Performance Task Force, among others.

¹"Sustainable Development Goals," United Nations.

²"Achieving the Sustainable Development Goals: The Role of Financial Inclusion," CGAP and UNSGSA. April 2016.

by the numbers /

SINCE INCEPTION (2006)



\$186M+
DISBURSED



117
INSTITUTIONS



47
COUNTRIES

TOTAL

\$179M+
DISBURSED

100
MFIs

41
COUNTRIES

MFI

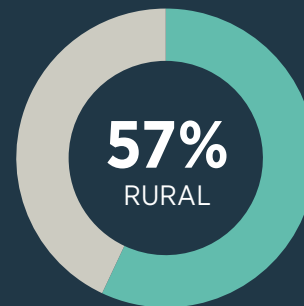
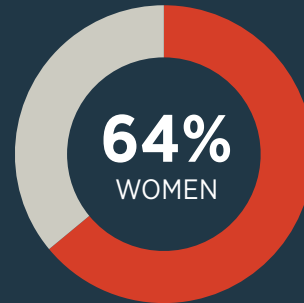
\$7M+
DISBURSED

17
SGBs

15
COUNTRIES

SGB

END BORROWERS (2018)



AS OF Q4 2018

Microfinance Institution (MFI) Portfolio

\$58M
ACTIVE MFI PORTFOLIO

45
MFIs

\$2.2B+
OUTSTANDING FROM MFIs TO

1.6M+
ACTIVE END BORROWERS

1.2M+
PEOPLE WITH SAVINGS ACCOUNTS

770K+
NEW BORROWERS REACHED IN 2018

Small and Growing Business (SGB) Portfolio

\$3.7M
ACTIVE SGB PORTFOLIO

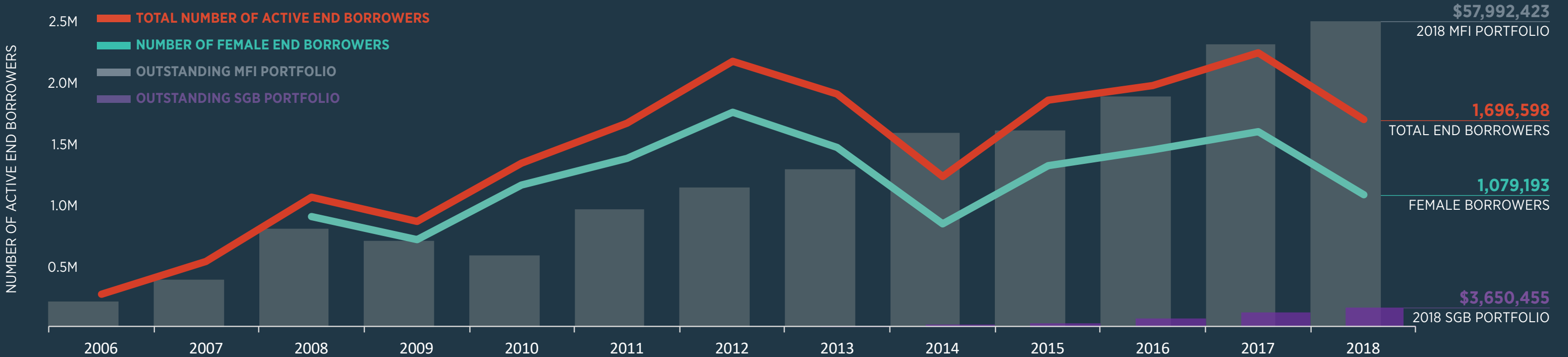
15
SGBs

1.9K+
JOBS SUPPORTED

26.8K+
SMALLHOLDER FARMERS SUPPORTED

86.7K+
PEOPLE WITH ACCESS TO CLEAN WATER

16.3M+
PEOPLE WITH ACCESS TO CLEAN ENERGY



stories from the field /

Elena Francesca Imbacuàn Ponce

Founder of Asoserteñas
Client of CACMU, Ecuador

Elena Francesca Imbacuàn Ponce is the founder of Asoserteñas, an association of 38 women who prepare food for children and provide cleaning services for the community of Atuntaqui in the Imbabura Province of northern Ecuador.

Prior to Asoserteñas, nearly all of these women volunteered for informal day care centers or were self-employed in domestic and childcare services. Often referred to as “community mothers,” these women received a monthly stipend of about \$200, less than one-third of the minimum wage in Ecuador.

In 2013, the national government started to formalize the sector in an effort to universalize access and improve the quality of childcare and food preparation services. Elena saw an opportunity, and spent the following year coordinating with the women in her community and going through the process to

form an association for this service—Asoserteñas, the Asociación de Servicios de Alimentación y Limpieza Mujeres Emprendedoras y Productivas Anteñas.

Together, the women of Asoserteñas work to prepare and deliver daily catered meals for over 360 children in nearby day care centers, with the objective of promoting healthy and adequate diets among the community’s youth. They also provide cleaning services as an additional source of income.



My aspiration for Asoserteñas is first and foremost for every woman to have steady work and a fair and reasonable salary, better than just a minimum salary. We are working towards this goal every day as we continue to grow and benefit the children of our community.”

Elena, a widowed mother of three, cares deeply about the well-being and future success of her fellow women, the majority of whom are also single mothers. Most of them have not completed their education at the high school level, she says, but they encourage each other to continue studying. From her perspective, a better education means more possibility for better work opportunities in the future.

Asoserteñas is a registered organization of the “Popular and Solidarity Economy” (EPS) of Ecuador, which is guided by the pursuit of a common good, gender equity, and other social values. Being a part of this economy is a point of pride for Elena, who integrates many of these principles in her work at Asoserteñas. She proudly displays the association’s



LEFT: Elena hopes for Asoserteñas to one day have their own building to house their operations and employ as many women as possible.

PAGE 32: Elena examining the week’s meal schedules in her office at Asoserteñas.

PHOTOGRAPHER: HARRISON PHARAMOND / MCE / ECUADOR

certification and ratings on the walls of her office. The local government provides Asoserteñas with the space needed to prepare food for the local day care centers in Atuntaqui.

Asoserteñas’ operations are bolstered by the Cooperativa de Ahorro y Crédito Mujeres Unidas (CACMU), a microfinance institution whose mission is to improve the quality of life for women and families in northern Ecuador through the provision of financial services.

For the past two years, CACMU has played an essential role in supporting Asoserteñas alongside the local government. While the government guarantees a salary for the women of the association, they only get paid every five to six months. By providing a loan to the association (Asoserteñas has received two loans in total), CACMU ensures that the women of Asoserteñas get paid more regularly and that the association has

the working capital it needs to maintain its food supply, purchase equipment, and operate smoothly.

CACMU has been a part of MCE’s MFI portfolio since April 2015, when MCE made its first loan of \$400,000 to the institution. CACMU has successfully repaid two loans from MCE and is now on its third loan, which was disbursed in August 2018.



We are lucky to have found such a great way of working with CACMU, which provides us with the capital and the guarantee we need when other organizations would not. They care about the success of our association.”



U Hla Myint

Smallholder farmer
Client of Proximity Finance, Myanmar

U Hla Myint is a smallholder farmer and father of six children in Sin Ma, Myanmar. He and his family grow rice on the 29 acres of land that they own, which serves as their primary source of income. They also grow bananas, coconuts, and other crops on a smaller scale to feed the family.

U Hla Myint lives in a community made up of two villages, Sin Ma and Hta Ni, which sit on opposite banks of a small river outside of Pyapon in the Ayeyarwady Delta of southern Myanmar. Like U Hla Myint and many inhabitants of the Delta region—the

country’s predominant rice-producing area—the villagers of Sin Ma and Hta Ni are mostly rice farmers, many of whom supplement their incomes with other microbusiness activities. Pyapon serves as their point of access to the broader Burmese market, especially the former capital city of Yangon.

Although there are no roads connecting the two villages, Sin Ma and Hta Ni are a close-knit community with fewer than two hundred households. The families of the villagers have lived there for generations, and their lives are closely intertwined—their children attend the same primary school, they farm the same crops on adjacent plots of land, they experience the same rainy seasons and the same dry seasons, and they share many of the same moments of good fortune and hardship together. For each household, the success of the community means success for the family.



LEFT: U Hla Myint’s home is on the banks of a small river outside of Pyapon.

PAGE 35: U Hla Myint gazing over the 29 of land that he and his family maintain.

PHOTOGRAPHER: HARRISON PHARAMOND / MCE / MYANMAR



We used to borrow money from informal lenders at high interest rates, because there was no other option in our community. With Proximity, our interest rates are half of what they used to be.”

In May 2008, Cyclone Nargis—one of the deadliest and most destructive cyclones in recorded history—made landfall on the coast of the Ayeyarwady Delta, causing more than 130,000 deaths and displacing countless others. The villages of Sin Ma and Hta Ni were almost entirely destroyed. In the months and years following the cyclone, the villagers of Sin Ma and Hta Ni steadily recovered from the destruction. Each family continued to lend a helping hand until every last home was rebuilt. Today, many of the families grow more rice than ever before and benefit from higher incomes. Their resilience is a testament to the strength of their community.

Sin Ma and Hta Ni’s economic and agricultural improvements are in part thanks to the support of Proximity Designs, a social enterprise that designs products and services to improve the livelihoods of underserved rural families in Myanmar. Many of the villagers of Sin Ma and Hta Ni are clients of Proximity Finance, the microfinance company owned by Proximity Designs. Proximity Finance provides a variety of loan products to smallholder farmers across Myanmar, including U Hla Myint.

U Hla Myint has been a Crop Loan client of Proximity Finance for over four years; his loans provide vital season-long working capital in cash to cover input costs such as seeds and fertilizer, along with hired labor, tools, and harvesting equipment. He noted that while his family’s disposable income fluctuates each year with the price



of seeds, fertilizers, and other necessary farming inputs, the lower interest rates offered by Proximity Finance have contributed to the overall improvement of his family’s economic situation.

U Hla Myint hopes to improve his rice business in the coming years so that he can keep sending his youngest three children to school. His greatest aspiration, like many parents in Sin Ma and Hta Ni, is a successful future for his children. And like many other aspects of his life, these hopes and aspirations are tied to the future success of his community. Just as they rebuilt their community in the aftermath of Cyclone Nargis, the villagers of Sin Ma and Hta Ni are continuing to build toward a more prosperous future for their community.



Every family here is contributing to a fund to build a bridge between our villages. One day we will have a road that makes it easier for our children to get to school.”

Proximity Finance has been a part of MCE’s MFI portfolio since September 2017, when MCE made its first loan of \$1,500,000 to the institution.

our community

“

MCE is fortunate to have such an incredible group of Guarantors and investors committed to activating their resources to effect change in some of the poorest countries in the world. I've experienced firsthand the powerful common ground found within our community, a shared belief in the power of pooling assets together for greater impact.”

Catherine Covington

MCE Managing Director and Chief Business Development Officer

As of December 31, 2018, MCE's community consisted of 116 Guarantors and over 40 investors across both the U.S. and Europe.

Clients of Fonkoze, an MFI in MCE's portfolio that reaches over 61,000 borrowers in Haiti, 95% of whom are women.

PHOTOGRAPHER: FONKOZE / HAITI

our guarantors /

As of the end of 2018, MCE's Guarantor community consisted of more than 100 individuals and foundations representing \$136M in loan guarantees, backing MCE's MFI and SGB portfolios with \$124M and \$12M respectively.

These inspiring, accomplished global citizens are bound together by their commitment to improving the lives of people living in poverty. Their collective partnership with MCE powers our innovative model and allows us to reach some of the most challenging regions of the world where other lenders often won't go. MCE would like to thank each and every Guarantor for advancing our mission.

MFI Guarantors

2005

Dan & Rhea Brunner
Eric McCallum &
Robin Smith
Janet A. McKinley

2006

Oswald Family
Foundation
Arthur Rock
Tom & Meg Stallard
Swift Foundation**
Bill & Mary Way

2007

Kevin & Laurie Carnahan
The Clara Fund
James Davidson
Kevin Dolan
Gary Ford & Nancy Ebb
Gary & Cary Hart
Alan & Teri Hoops
Greg & Nancy Ledford**
Meyer Family Enterprises
Sangeeth & Sindhu Peruri
Thomas R. & Marla E.
Williams

2008

Joseph Brescia
Maggie Kaplan**
Linked Foundation
Sarah Marie Martin
& Nicholas Brophy

2009

Jonathan C. Lewis
Peggy Rawls

2010

Karen Ansara
David & Gay Campbell
Sky Carver
Lori & Aaron Contorer
Benito and Frances C.
Gaguine Foundation**
David Hills & Catherine
McLaughlin-Hills
Jonathan Rubini**
Carolyn Workman
& Kurt Wacker
Anonymous

2011

1to4 Foundation†/John
& Cathy Ayliffe

1to4 Foundation/2nd Unit
1to4 Foundation/3rd Unit
Kenneth Ansin
Ron & Marlys Boehm
Darlene Daggett
James & Kathleen
Deeringer
G.D.S. Legacy
Foundation**
KL Felicitas Foundation
Joshua Mailman
McNamara Family
Foundation
Doug & Carol Steenland
Paul & Dana Zalkauskas
Anonymous

2012

Ellen & Karl Breyer
Kathleen Cronen
The Eucalyptus
Foundation
Harry R. Halloran Jr.
Leonard Hyde
Kerry Olson & David Katz
Steve & Rita Moya
Katharine Thompson

Anonymous
Anonymous

2013

1to4 Foundation/4th Unit
Ronald Ansin
Armeane Choksi
Eileen Fisher
Mike & Diane Moxness
Angela & Anthony Ocone
Douglas Spencer
Levi Strauss Foundation
Adam J. Weissman
Foundation
Anonymous

2014

John Coleman
Peter & Sharon Fiekowsky
Justin & Lindsay Morales
Richard & Regina Roney

2015

1to4 Foundation/
Antonis Schwarz**
1to4 Foundation/7th Unit
1to4 Foundation/8th Unit

Kenneth Carson
& Sally Foster
Neal & Florence Cohen
Cordes Foundation
Jerry Hirsch
Dennis Houghton
& Janet Healy
Clark Mitchel
Jeff Perlis
Natalie Rekstad
Anonymous
Anonymous

2016

Tom & Betsy Balderston
Sara S. Hall
Eva & Yoel Haller
Scott Kiere
Rick & Cathy Osgood
Theodore Petroulas
Scott Satterwhite

2017

1to4 Foundation/9th Unit
James J. Chu
Laura DeVere
Jon Freeman

Elizabeth Funk
Galloway Family
Foundation Trust
Matthew W. Patsky
David Sonnenberg
Sunrise Foundation
Tara Health Foundation**
SJ Wilson Enterprises
Anonymous

2018

Beall Family Foundation
Amy M. Brakeman
Scott & Lisa Halsted
Mary Hedahl
Highlands Associates
Maryanne Mott
Kristin Hull
David W. Paulus
Skip & Shirley
Rosenbloom
Gregg Schoen
Anonymous
Anonymous

SGB Guarantors

2017

Kenneth Ansin
John & Cathy Ayliffe
Ron & Marlys Boehm**
Dan & Rhea Brunner
Kevin & Laurie Carnahan
Darlene Daggett
James Davidson**
Gary Ford &

Nancy Ebb
Elizabeth Funk
Alan & Teri Hoops
Greg & Nancy Ledford
Linked Foundation
Eric McCallum &
Robin Smith**
Scott Satterwhite**
Antonis Schwarz
Bill & Mary Way

2018

Beall Family Foundation
Ed Brakeman
Sayuri Sharper

ABOVE: A group of MCE staff, Guarantors, investors, friends, and family with the processing team at Naasakle International, one of the companies in MCE's SGB portfolio in Ghana.

PHOTOGRAPHER: MCE / GHANA

NOTE: Guarantors listed under year in which they originally signed.

** Indicates a Guarantor who has signed for two units as of the end of 2018.

† [1to4 Foundation](#) is MCE's European partner through which European Guarantors can sign up directly.



our team /

MCE's staff consists of experienced, motivated, and dynamic professionals located across San Francisco, Barcelona, Washington, D.C., Denver, New York, and Philadelphia.

Our Staff

Aparna Ananthan
Portfolio Associate

Renaud Duverger
Portfolio Analyst

Tracie Hudgins
Operations Manager

Maria Raurell
Portfolio Manager

Pierre Berard
Managing Director and
Chief Investment Officer

Marine Exposito
Portfolio Manager

Vanessa Kelley
Administrative and
Compliance Assistant

Jackie Torriente
Loan and Accounts
Manager

Elisabeth Chasia
Portfolio Manager

Gary Ford
President and CEO

Harrison Pharamond
Impact Analyst and
Communications Associate

Wendy Turman
Managing Director and
Chief Financial Officer

Catherine Covington
Managing Director
and Chief Business
Development Officer

Carolyn Han
Portfolio Analyst

Elena Pons
Portfolio Manager

Todd Hart
General Counsel

Our Board of Directors

Karen Ansara
Co-founder and Chair,
New England International
Donors

Armeane Choksi
Former Vice President
of the World Bank
Chairman, Option3
Ventures

Cary Hart
Retired Pediatrician,
Kaiser Permanente

William Way
Former Managing
Director, Accenture

John Ayliffe
Co-founder and Chairman,
1to4 Foundation

Darlene Daggett
Former President,
U.S. Commerce, QVC

Eric McCallum
Founder and President,
Arctic Wire Rope & Supply

Justin Morales
Real Estate Investor
and Author
Fort Collins, Colorado

Dan Brunner
Former CEO, Affordable
Health Care Concepts

Jim Davidson
Co-founder and President,
PeakChange

Nancy Swanson
Executive Director,
Linked Foundation
Santa Barbara, California

Kevin Carnahan
Former Senior Managing
Director, Accenture

Gary Ford
Former Managing Partner,
Groom Law Group

our institutional partners /

MCE's impact is amplified by our partnership with a number of international organizations, financial institutions, foundations, and other entities dedicated to fostering better livelihoods for people living in poverty around the world. These institutions include:



financials /



“

MCE had another strong year in 2018, with improved note sales and more money disbursed to the developing world than ever before. We continued to diversify our sources of capital with our first international lender—Proparco, the leading French development bank—and our first European investor.”

Wendy Turman

MCE Managing Director and Chief Financial Officer

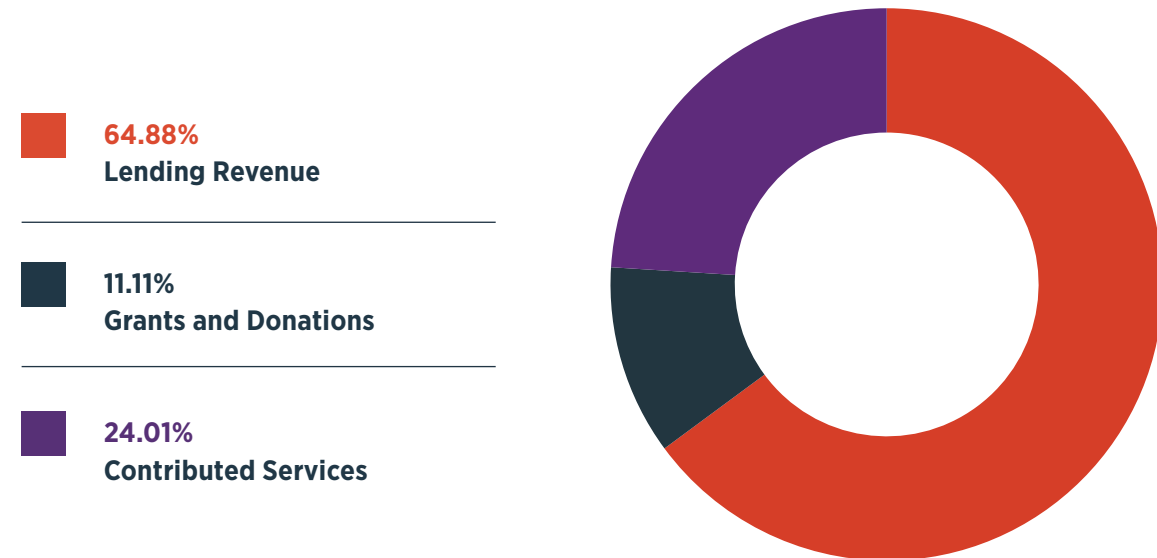
2018 was MCE's biggest year in terms of note sales, with \$12.6 million in new purchases, ending the year with the highest outstanding amount ever at just over \$20 million.

A smallholder farmer client of JSC MFO Crystal, a leading MFI in Georgia. As of the end of 2018, Crystal served more than 103,000 borrowers, 56% of whom were women and 63% of whom lived in rural areas.

PHOTOGRAPHER: JSC MFO CRYSTAL / GEORGIA

revenues /

In 2018, MCE's total revenues were \$2,438,474, a 2.63% decrease from 2017.

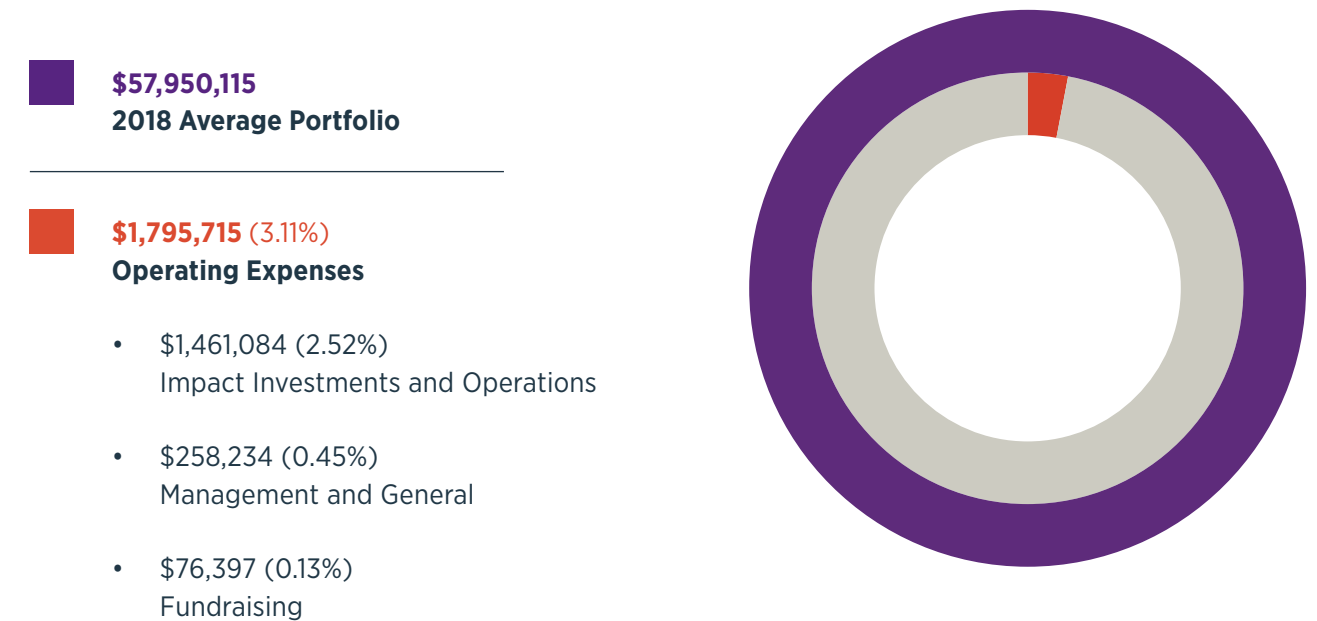


	2017 Audited	2018 Audited	% Change
Lending Revenue	\$1,785,070	\$1,582,077	(11.37%)
Grants and Donations	\$347,144	\$270,960	(21.95%)
Contributed Services	\$372,341	\$585,437	57.23%
Total Revenue before Guarantor Call*	\$2,504,555	\$2,438,474	(2.64%)
Guarantor Call	-	\$1,523,361	-

*All Guarantor calls cover default amounts and are shared pro rata across the responsible guarantee units.

key financial ratios /

In 2018, MCE's operating expense ratio was 3.11%, compared to the average portfolio.



	2017	2018	Difference Basis Points
Portfolio Yield	7.67%	7.19%	(48)
Cost of Funds	4.01%	4.17%	16
Gross Portfolio Margin	3.66%	3.02%	(64)
Operating Expense Ratio	3.21%	3.11%	(10)
Net Margin	0.44%	(0.09%)	(53)

COVER: U Hla Myint, a smallholder rice farmer in Myanmar and client of Proximity Finance, a microfinance institution in MCE's portfolio.
 PHOTOGRAPHER: HARRISON PHARAMOND / MCE / MYANMAR



*impact.
guaranteed.*

Visit our website www.mcesocap.org or
contact us at info@mcesocap.org
for more information.



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