



SOCIAL CAPITAL

*Impact Report*  
2020





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**PHOTO LEFT:** Pablo Sanchez Davila is a smallholder pitahaya farmer and client of Sol Organica, a certified B-Corporation in Nicaragua that seeks to improve the livelihoods of tropical fruit farmers and promote the use of organic farming practices.



# leaning in during times of crisis /

## Dear Friends of MCE,

In April 2020, COVID-19 was spreading rapidly around the world and much was unknown about how it would affect local economies. At that time, when the instinct may have been to pull back on new investments, MCE made a decision to lean into the crisis and continue supporting enterprises in need of capital, particularly in the agricultural sector.

This was especially meaningful for small and growing businesses working in agriculture, which were looking to get seeds in the ground before the next growing season. Our investment capital came at a critical time for these businesses, enabling not just survival, but growth, during the pandemic. For example, the increase in global demand for quality spices allowed The Organic Village in Nepal to double its revenues in 2020 and put more money into the hands of smallholder farmers, strengthening the rural communities in which it operates.

In the year since MCE made that decision, we've seen incredible resilience from the companies we invest in, as they adapt their businesses and seek to serve their communities, employees, and customers in this new and changing world. This bet, to take smart risk in service of outsized impact, is a hallmark of MCE, and speaks volumes to our partners. It also resonated with me when I joined MCE in late 2020, signaling that this is an organization leading the way in sustainable, impact-first investing.

We'll continue to put this philosophy into practice as we look at the role MCE can play moving forward. Our core mission will remain focused on creating economic opportunity and building resilience for low-income communities around the world. But we'll bring a greater focus on some of the biggest challenges of the day. For example, with climate change and environmental degradation disproportionately affecting low-income communities, we'll be looking more closely at how enterprises we invest in are mitigating or supporting adaptation to these issues, building on our already-strong focus on regenerative agriculture. We are also exploring ways in which we can deepen our focus on women, which has been essential to MCE's investment approach since the beginning.

I'm proud to be part of a community of people who believe as firmly as I do that capital can be transformational in driving change and impact—especially when invested the way MCE does, with great care and rigor, leaning into opportunities to generate outsized impact for low-income communities around the world.

Thank you for leaning in with us.



Camilla Nestor, 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.

EL SALVADOR / MCE



# portfolio snapshot /

**\$53.5M**

TOTAL OUTSTANDING PORTFOLIO

**52**

TOTAL ACTIVE CLIENTS

**31**

TOTAL COUNTRIES REACHED

## Inclusive Finance Portfolio

**\$45.4M**

OUTSTANDING PORTFOLIO

**39**

FINANCIAL SERVICE PROVIDERS

**27**

COUNTRIES REACHED

## Small and Growing Business Portfolio

**\$8.1M**

OUTSTANDING PORTFOLIO

**13**

SMALL AND GROWING BUSINESSES

**11**

COUNTRIES REACHED

## From “microfinance” to “inclusive finance”

The financial services sector has changed significantly since we began making loans to microfinance institutions (MFIs) in 2006. As new digital technologies continue to transform the ways in which low-income communities access financial services, we are committed to supporting innovative business models at the forefront of the sector, beyond microfinance alone.

This is why we have decided to rename our former “MFI Portfolio” to our “Inclusive Finance Portfolio.” For our longtime supporters and MFI Guarantors, rest assured this does not change our impact goals. Rather, it is a conscious decision to expand the scope of our lending to include a broader range of financial service providers poised to advance our mission.

## Latin America

**PORTFOLIO: \$19.8 MILLION**  
**INVESTMENTS: 22 CLIENTS**

## Eastern Europe

**PORTFOLIO: \$3.6 MILLION**  
**INVESTMENTS: 4 CLIENTS**

## Africa

**PORTFOLIO: \$11.4 MILLION**  
**INVESTMENTS: 11 CLIENTS**

## Central Asia & the Caucasus

**PORTFOLIO: \$10.8 MILLION**  
**INVESTMENTS: 8 CLIENTS**

## East and Southeast Asia

**PORTFOLIO: \$5.2 MILLION**  
**INVESTMENTS: 5 CLIENTS**

-  Inclusive Finance portfolio countries
-  Small and Growing Business portfolio countries
-  Active countries in both portfolios
-  Additional countries reached by multi-country investments

\*as of Q4 2020



## lessons learned / 2020 in retrospect

The unprecedented challenges posed by the COVID-19 pandemic called for collective action and rapid learning. Here are our key lessons from the past year.

1

### Staying true to our mission is of the utmost importance during times of crisis.

We have always prided ourselves on sticking with our clients through good times and bad—2020 was no different. With our Board, management, and staff fully aligned with MCE's mission, we were able to quickly position ourselves during the COVID-19 crisis and keep issuing loans to new and existing clients. Last year also reinforced the strong commitment of our Guarantors and lenders, who were willing to roll up their sleeves alongside MCE and continue supporting our partners on the ground.

2

### Financial service providers are critical sources of income and livelihoods for low-income communities.

In many ways, we already knew this—2020 was not the first crisis that has affected our portfolio. However, financial service providers once again proved their resilience and adaptability, restructuring loans and creating new digital services to accommodate the needs of their borrowers.

3

### Small and growing businesses with diversified products and markets fared better during COVID-19, as well as those with shorter distribution channels to final consumers.

The pandemic created stronger demand for essential goods in the agriculture sector, and those businesses with the capacity to meet that demand, either local or international, fared well.

## voices from our partners /

“

**It is impossible to over-communicate during difficult times like we saw in 2020.**

We leaned into our role as a supply chain connector and were constantly sourcing and sharing information with and from our partners around the world. This focus on communication and connection enabled us to ensure that our partners on both the cacao-producing and chocolate-making sides felt supported and heard, and helped us identify new ways to create value for them.



We also helped to launch an anti-racism and social justice initiative in the chocolate industry . . . these new ways of connecting and sharing helped us all stay motivated and focused on making it through the difficult times.”

**EMILY STONE**, Founder and CEO of Uncommon Cacao

KAZAKHSTAN



“

Fortunately, our organization was better prepared to weather this crisis compared to the global financial crisis of 2007–2009. We are stronger institutionally, operationally, strategically, and in terms of capitalization. Lenders were also proactively supportive, reaching a handshake agreement to help manage ACF's liabilities. **Staying focused on our mission to serve the financial needs of rural households in Kazakhstan helped us manage through the challenges posed by COVID-19.**

Over the past year, we have learned two primary lessons: (1) we need to accelerate the digitization processes related to delivering loans to our clients; and (2) ACF needs to constantly seek ways to decrease the cost of serving our clients with a focus on both sustainability and social responsibility.”

**ZHANNA B. ZHAKUPOVA**, Executive Director, MFO Asian Credit Fund LLC

“

Due to the COVID situation, the buyer demand side of our business went up—our business has almost doubled. There are struggles in the cities, of course, but the agriculture sector in Nepal is booming during COVID. **In any crisis, food-related businesses like The Organic Village are always critical, because everybody needs good food.** We have worked hard to be a part of the solution and bring healthy food to people all over the world. That is our passion, our strength.



Our success means success for smallholder farmers. If our profits increase, the farmers' profits do as well. In the short term, we are able to purchase more of their harvest and provide advance payments to the farmers, and in the long term, they will become shareholders in the value chain itself. They are a key part of the business, and if farmers are happy, everyone is happy.”

**SAMIR NEWA**, Founder and CEO, The Organic Village



## 2020 highlights /

Despite the challenges we faced in 2020, our community came together stronger than ever in support of our mission.

### WE DISBURSED OVER \$15 MILLION IN NEW LOANS

At the onset of the COVID-19 pandemic, our Board, management, and staff unanimously decided to continue issuing loans to new and existing clients. As a result, we disbursed over \$15.1 million to 10 financial service providers and seven small and growing businesses, including three new clients, across 14 countries.

### WE RECRUITED OVER \$17.5 MILLION IN NEW GUARANTEES

We reached out to our pipeline of prospective Guarantors and discovered that many individuals and foundations were eager to step up during a time of crisis, resulting in the recruitment of \$17.5 million in new guarantee commitments. We ended the year with over \$151 million in guaranteed capital to back our lending to financial service providers and small and growing businesses.

### WE RAISED OVER \$14 MILLION IN NEW INVESTMENT NOTES

MCE sold a total of \$14 million in Global Economic Opportunity Notes in 2020, ending the year with the highest outstanding amount ever at more than \$35.7 million.

### WE RECEIVED OUR LARGEST GRANT TO DATE

In 2019, MCE was selected to receive a \$3.7 million grant from the Deutsche Bank Microcredit Development Fund (DBMDF). In 2020, we put those funds to work to expand our lending to small and growing businesses. By leveraging these grant funds, we expect to grow our small and growing business portfolio to over \$12 million by the end of 2021.



**\$14M**  
IN PRIVATE  
NOTES SALES



**44%**  
SGB PORTFOLIO  
GROWTH



**\$3.7M**  
GRANT RECEIVED  
FROM DBMDF



**\$15.1M**  
IN LOANS TO 17  
CLIENTS ACROSS  
14 COUNTRIES



**6-UNITS**  
LARGEST SGB  
GUARANTEE  
COMMITMENT



**\$17.5M**  
IN NEW  
GUARANTEES



ZAMBIA / COMACO



## *our model /*

“Getting involved with MCE over 10 years ago was something that we did to create the greatest impact with our wealth. It is something that brings meaning to my life. I listen for opportunities to have authentic conversations with others about our commitment, as I believe it’s one of the most impactful things wealth holders can do with our privilege. MCE is a portal that enables us to use a portion of our wealth to help some of the poorest people in the world. Who wouldn’t want that as part of their legacy?”

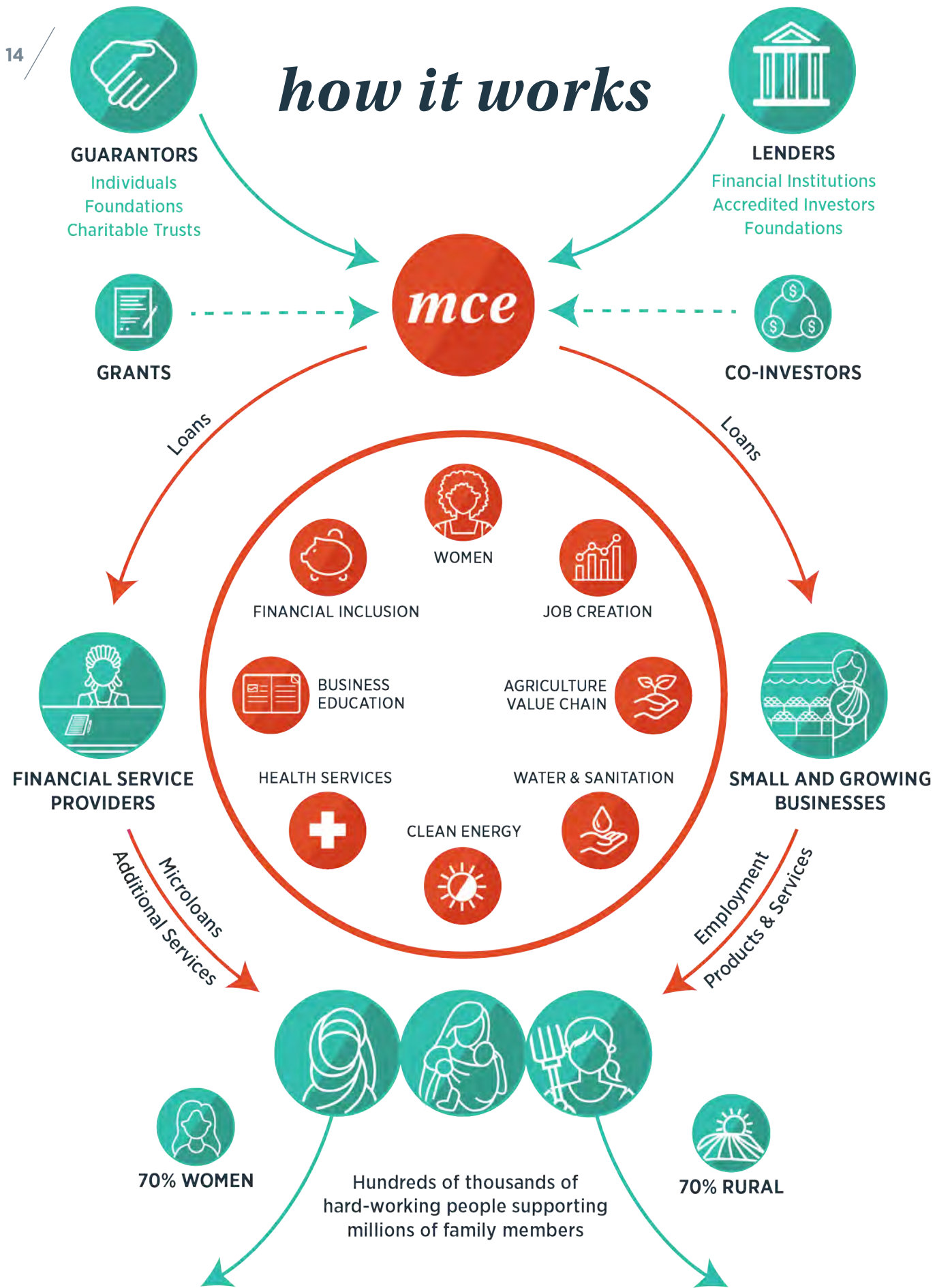
**DAVID HILLS**

MCE Guarantor since 2010

A smallholder farmer and client of Community Markets for Conservation (COMACO), a social enterprise that works closely with rural communities in Zambia to promote conservation and sustainable agricultural practices. Read more about COMACO on page 25.

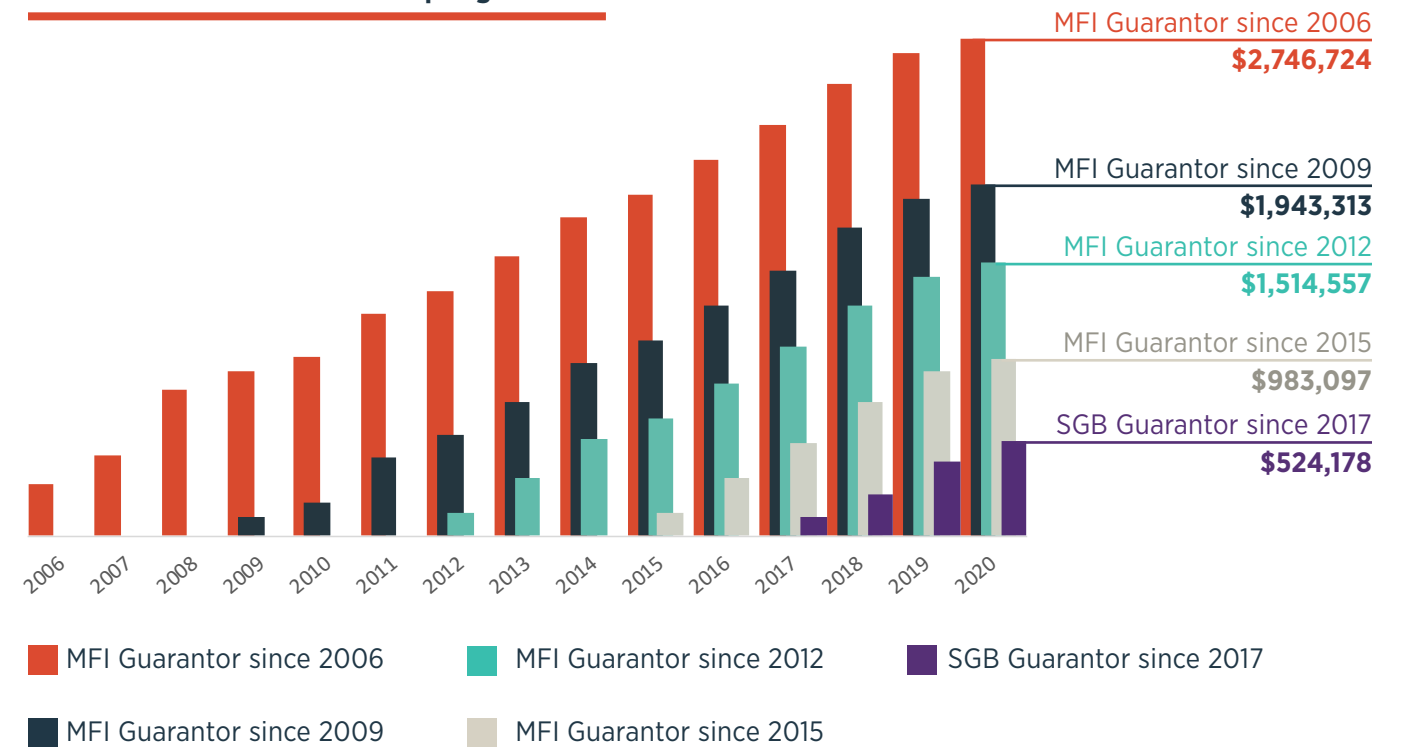


# how it works



# the power of a guarantee /

Cumulative amount disbursed per 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:

**Financial service providers**, primarily 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 & 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 more than \$2.7M in disbursements to MFIs across the developing world. Compared to the total charitable gifts that Guarantor has made to MCE since 2006 of \$47,760, **the multiplier effect on that Guarantor's capital is over 57x.**

An SGB Guarantor who joined in 2017 at the launch of the SGB Portfolio has personally enabled more than \$524,000 in disbursements to SGBs. As of the end of 2020, that SGB Guarantor had made \$14,238 in charitable gifts to MCE—**the multiplier effect on their capital is over 36x.**



NICARAGUA / MCE



## *our portfolio /*

“ MCE did not back down in 2020. We kept supporting our clients while successfully maintaining strong portfolio quality and making new high-impact deals. In addition to restructuring many of our loans to financial service providers to enable them ride out the crisis, we doubled down on our commitment to organic and regenerative agriculture, which will continue to define our approach moving forward.”

**PIERRE BERARD**

Managing Director and Chief Investment Officer

Angelica del Carmen Marrenco Romero is a smallholder pitahaya farmer and client of Sol Organica, a certified B-corp in Nicaragua that seeks to improve the livelihoods of tropical fruit farmers and promote the use of organic farming practices.



# inclusive finance / portfolio

Globally, 1.7 billion adults remain unbanked. MCE invests in financial service providers in low-income communities to fill this critical gap.

Inclusive finance encompasses the wide range of financial products and services designed to meet the needs of economically vulnerable populations. MCE's Inclusive Finance portfolio invests in financial service providers that offer quality financial products—primarily loans, savings, and insurance—at affordable and transparent prices, improving the financial stability and widening the economic choices available to their clients. Many of our portfolio

companies also enhance the impact of their products with financial literacy training and health services.

Our portfolio companies are part of a rapidly developing ecosystem of financial service providers committed to fostering inclusive financial systems across the developing world. Collectively, these providers are a vital component of equitable and prosperous societies and a key enabler of the U.N. Sustainable Development Goals.



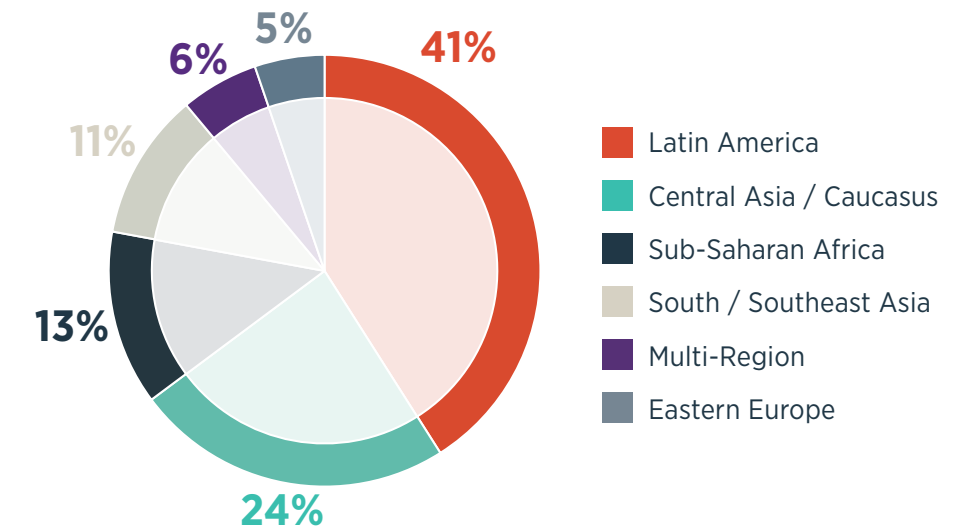
COLOMBIA / MCE

Dolly Caso is a smallholder coffee farmer outside of Santander de Quilichao, Colombia. She is a client of Finamiga, which has provided her several loans to manage her agricultural activities and enabled her to grow her coffee business. Finamiga has been in MCE's portfolio since January 2019.

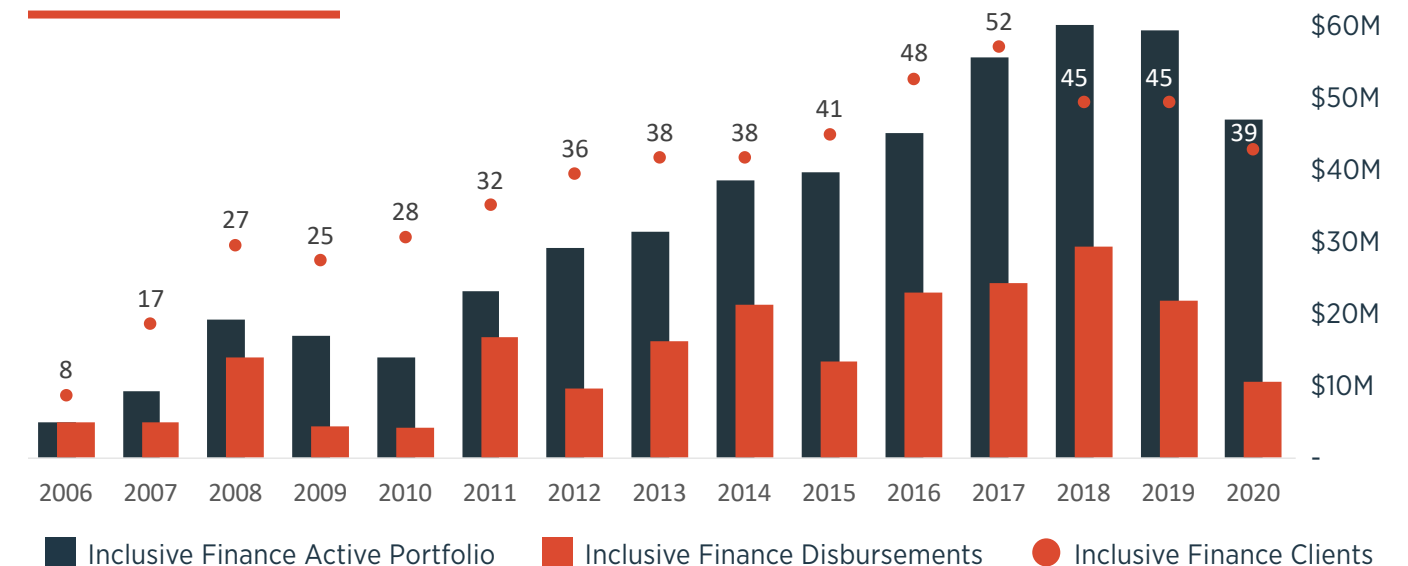
## Key Portfolio Metrics as of December 31, 2020

- \$45.4M** outstanding portfolio
- 39** portfolio companies
- 27** countries reached
- \$10.2M** disbursed in 2020

## Portfolio Diversification by Region as of December 31, 2020



## Inclusive Finance Portfolio Growth with yearly disbursements and number of active clients



The demand for funding from our Inclusive Finance clients, especially microfinance institutions, declined during 2020 as they focused on restructuring their own portfolios during the COVID-19 crisis. Our disbursements declined year over year as a result. We supported many of our clients by restructuring over \$3.5 million in loans.



# small & growing businesses / portfolio

MCE provides catalytic debt capital to small and growing businesses that improve livelihoods and strengthen rural economies.

Small and growing businesses (SGBs) are the dominant form of entrepreneurial activity in emerging markets and hold the potential to transform communities and alleviate poverty through the jobs they create and the products and services they provide to low-income communities.

However, these businesses often lack access to sufficient, appropriately structured growth capital. SGBs in low- and lower-middle-income countries alone account for

approximately \$930 billion in unmet financing needs.<sup>1</sup> MCE invests in these “missing middle” SGBs with a particular focus on strengthening agricultural value chains and raising smallholder farmers’ incomes and productivity.

The SGBs in our portfolio are often one of the only sources of formal employment in the areas in which they operate. By financing their growth, we are able to create economic opportunities, improve livelihoods, and promote environmental sustainability.



ZAMBIA / COMACO

A smallholder farmer client of COMACO, a social enterprise in Zambia that promotes conservation and sustainable agricultural practices. COMACO has been in MCE's portfolio since May 2020. Read more about COMACO on page 25.

## Key Portfolio Metrics as of December 31, 2020

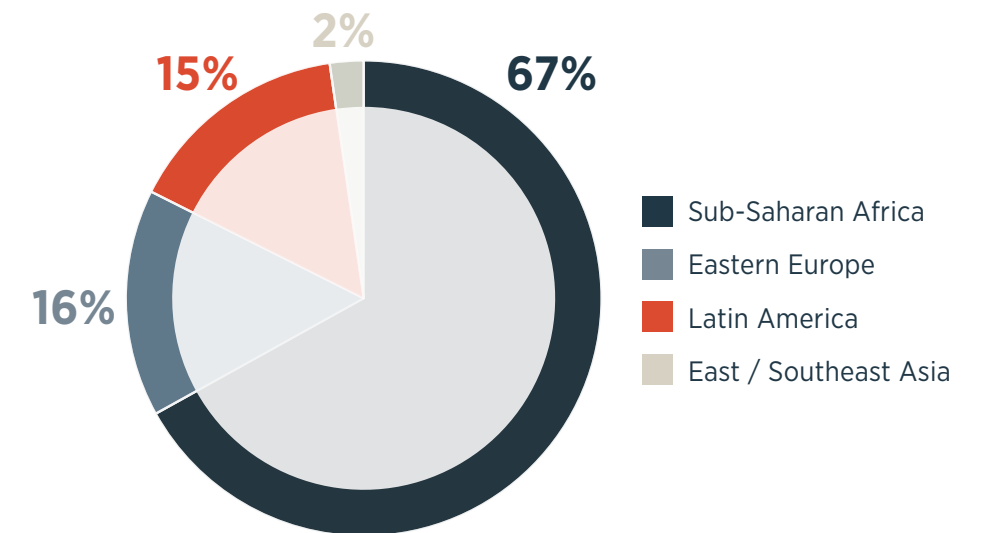
**\$8.1M**  
outstanding portfolio

**13**  
portfolio companies

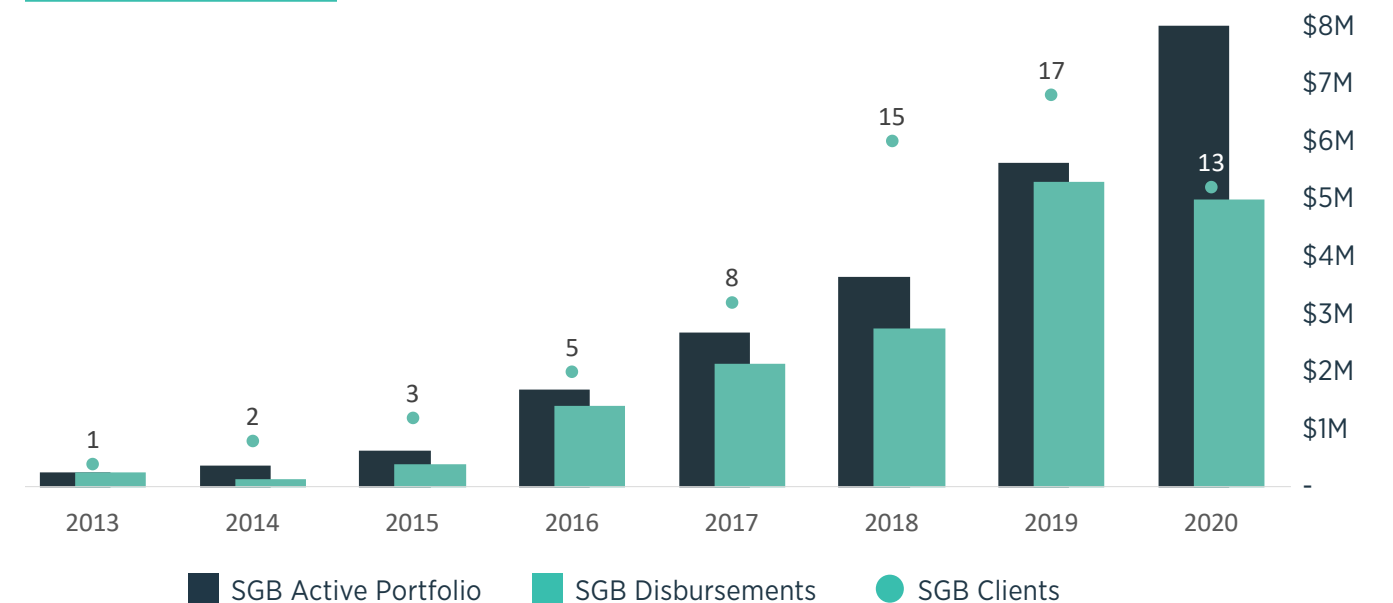
**11**  
countries reached

**\$5.0M**  
disbursed in 2020

## Portfolio Diversification by Region as of December 31, 2020



## Small and Growing Business Portfolio Growth with yearly disbursements and number of active clients





## investing in women /

At MCE, we believe that investing in women is essential for inclusive and sustainable economic growth.

Since we began operations in 2006, investing in women has been a fundamental part of MCE's mission. **In fact, over 70% of the end beneficiaries of our investments have been female.** Our ethos is rooted in the conclusive evidence that equal access to opportunities leads to enhanced productivity and improved development outcomes.<sup>2</sup>

Although financial inclusion has improved over the past decade, the gender gap in developing countries persists—today, 67.5% of men have an account compared to only 58.6% of women.<sup>1</sup> Meanwhile, **over 70% of formal, women-owned small- and medium-sized enterprises are unserved or underserved by financial institutions.**<sup>3</sup> The finance gap for women-led enterprises in sub-Saharan Africa alone totals \$42 billion.<sup>4</sup>

And yet, women are incredibly effective as leaders, entrepreneurs, employees, farmers, and drivers of economic growth. This is especially true in the agriculture sector. On average, women make up 43% of the agricultural labor force in developing countries, but they produce 60% to 80% of food crops. **If all women smallholders gained equal access to productive resources, their yields would rise by 20% to 30% and 100 million to 150 million people would no longer go hungry.**<sup>5</sup> Addressing the gaps that women face and unlocking their potential is both a smart investment strategy and a clear way to maximize the impact of our capital.

### 61%

female end clients across our portfolio in 2020

### 45%

female employees across our portfolio in 2020

### 35%

women in leadership positions across our portfolio in 2020

### 15%

female founders or CEOs across our portfolio in 2020

“

In addition to being managers of their own businesses, women are highly committed to the development and quality of life of their families. They are agents of change, using their income to promote the health and education of their children. Through our communal banking model, we are committed to creating opportunity for the most vulnerable entrepreneurs, primarily women, as part of the fulfillment of our mission and purpose.”

**BELINDA GÓMEZ,**  
Head of Microfinance,  
ADRA Perú

PHOTO RIGHT: A village banking client of ADRA Perú.



ADRA Perú is the Peruvian subsidiary of the Adventist Development and Relief Agency (ADRA), an international humanitarian agency operating in more than 118 countries.

As the second largest NGO in Peru's microfinance sector, ADRA Perú operates a microfinance program alongside additional projects with a strong focus on women—**95% of ADRA's borrowers were women as of December 2020.** ADRA Perú utilizes a village banking methodology, which enables the organization to develop strong connections with its clients while fostering strong community cohesion and financial responsibility. Each village banking group consists of 15–35 individual borrowers who collectively receive a loan, guarantee its repayment, and manage distribution and collection internally.

During all village banking meetings, ADRA Perú provides education on topics such as financial literacy and health.

Through courses that emphasize sound business practices and leadership skills, **ADRA Perú empowers female micro-entrepreneurs to strengthen their businesses and financial stability.**

As of December 2020, ADRA Perú had an outstanding loan portfolio of US\$7.1 million serving more than 18,100 borrowers. MCE made a loan of US\$500,000 to ADRA Perú in August 2020 to support the growth of the organization's microfinance portfolio.



PERU / ADRA



## environment & climate action /

We seek out partners that build resilience, preserve natural resources, and enhance smallholders' ability to adapt to the effects of climate change.

Climate change and environmental degradation disproportionately affect low-income communities in developing countries, further exacerbating social and economic inequalities.<sup>6</sup> We invest in organizations that are committed to strengthening these communities while preserving and restoring natural resources to ensure a thriving environment.

**Currently, 70% of our small and growing business investments promote organic or regenerative farming practices.** These practices—ranging from crop rotation and use of organic inputs to integrated pest and disease management—simultaneously improve soil health and productivity while enhancing smallholder farmers' incomes and carbon sequestration potential. By reinforcing the economic value of wild lands and forests, many of our investments also reduce deforestation and promote biodiversity.

Despite the vulnerability of smallholder farmers to the effects of climate change, **less than 2% of total climate finance goes toward small-scale agriculture.**<sup>7</sup> As our small and growing business portfolio expands, we are committed to helping fill this critical gap in financing while also exploring investments in other sectors with positive environmental impacts.

**92%**  
SGB investments provide training on best farming practices

**70%**  
SGB investments with organic certification

**255K**  
hectares of land under sustainable management

**786K**  
metric tons of CO<sub>2</sub> emissions mitigated in 2020

“

2020 was a year of growth for COMACO. We repaired rural landscapes, built healthier food systems, empowered communities to conserve soils, forests, and wildlife, and expanded sales to achieve financial sustainability. Now, we stand stronger than ever to face future challenges, particularly climate change. Global warming requires that we build carbon-neutral economies. Our climate-positive products put us at the forefront of a solution in Zambia and the world.”

**DALE LEWIS,**  
Founder and CEO  
of COMACO

**PHOTO RIGHT:** From the waste product of groundnut shells, COMACO manufactures fuel briquettes that generate as much energy as firewood and provide the necessary fuel for processing a range of products, making COMACO's processing plant one of the most carbon-neutral plants in Zambia.



Community Markets for Conservation (COMACO) is a pioneering social enterprise that works closely with rural communities across Eastern Zambia to promote sustainable agricultural practices with enhanced market access in a way that incentivizes forest and wildlife conservation, promotes household income and food security, and increases climate resilience for small-scale farmers.

**COMACO was founded in 2003 under the belief that incentivizing conservation with sustainable economic opportunities would reduce illegal wildlife poaching while addressing its root cause—rural poverty.** By organizing small-scale farmers in its network of cooperatives, training them in sustainable agricultural practices, and monitoring their cultivation and harvest processes, COMACO has had a powerful impact in its communities, evidenced by improvement in yields and substantially higher household incomes. COMACO procures and collects harvested maize, rice, groundnuts, and other crops from cooperatives at premium prices, which are then marketed under the company-owned brand It's Wild!

Since 2015, COMACO has managed a carbon credits program in partnership with the World Bank.

A share of the revenue from these credits is redistributed to COMACO's cooperatives, further incentivizing conservation practices through agroforestry and forest protection programs. **To date, COMACO's carbon credits program has offset more than 228,000 tons of carbon emissions and protected over 1.5 million hectares of forest.**

In parallel, COMACO has various additional projects that are generating substantial impact. The honey production by communities that are part of the carbon credits program is a good example—COMACO has distributed and installed more than 30,000 beehives in community forests, serving as an alternative source of income for community members while strengthening forest ecosystems through wildlife reintegration. COMACO has also distributed over 90,000 clean cookstoves to date, with the goal of reducing deforestation and respiratory illnesses, especially among women and children.





# regional spotlight: africa /

Sub-Saharan Africa has grown as a percentage of our portfolio every year over the past decade, now representing over one-fifth of our outstanding capital.



Good Nature Agro (GNA) provides high-quality inputs, technical assistance, and access to premium markets to small-scale farmers in Zambia, enabling them to significantly increase their household incomes. Since its founding in 2014, GNA has worked with more than 11,000 farmers, 36% of whom are women, and currently employs over 80 individuals. MCE has disbursed three loans totaling \$2.2 million to GNA since 2018.



Equity for Tanzania (EFTA) is an equipment leasing company that serves nearly 900 farmers and small and medium-sized enterprises in the agriculture, manufacturing, and services sectors, providing them with the machinery, equipment, and vehicles they need to enhance their operations without taking on high-interest loans with onerous collateral requirements. MCE has disbursed three loans totaling \$2 million to EFTA since 2018.



Victory Farms is a tilapia fish farm in Kenya that aims to be the country's leading sustainable fishery. Victory Farms is a vertically integrated company that manages all aspects of its supply chain and serves 35,000 unique market customers, 80% of whom are women. The company is also a significant local employer, with more than 630 permanent and temporary employees as of December 2020. MCE has disbursed one loan totaling \$800,000 to Victory Farms since 2019.



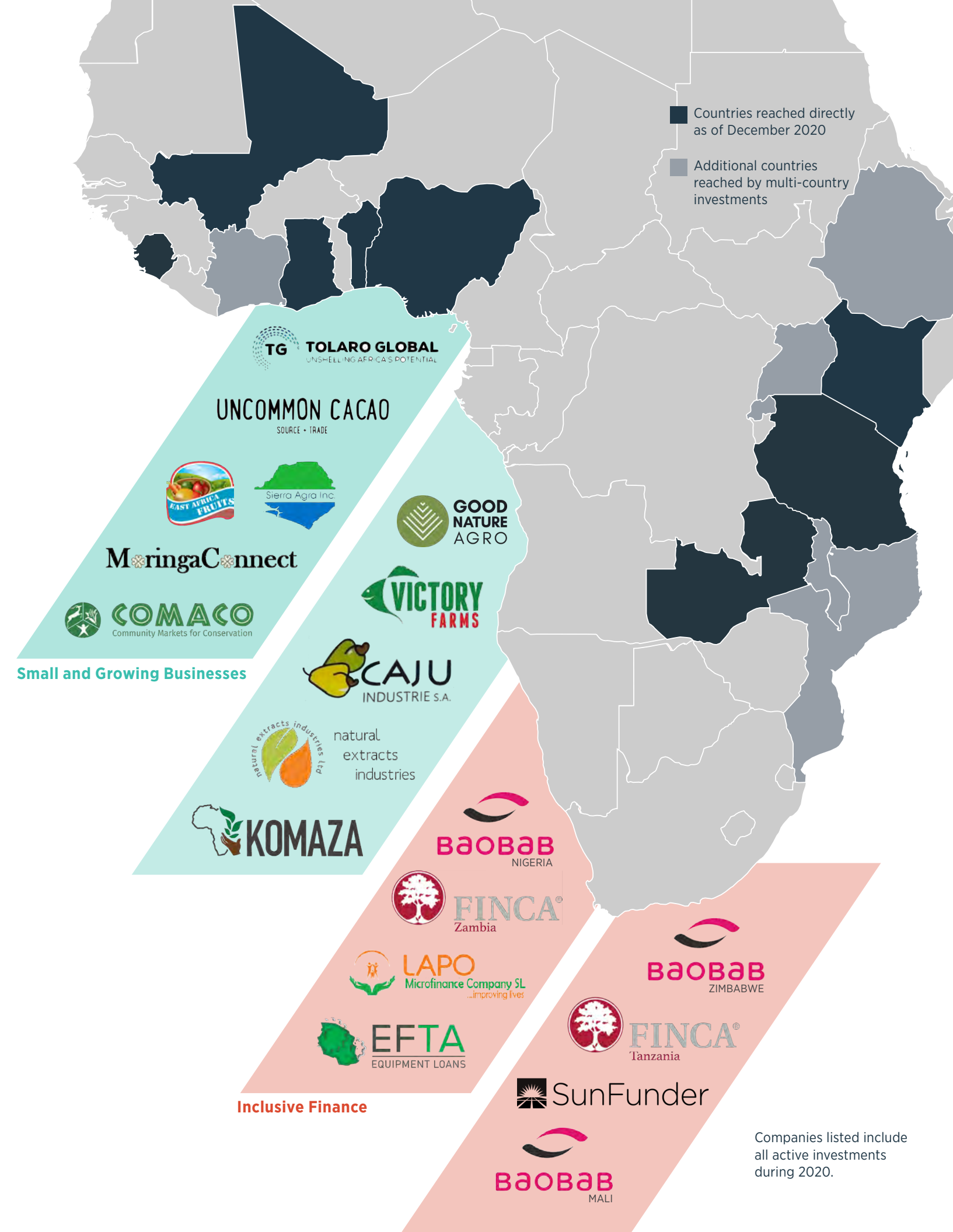
Baobab Mali is a subsidiary of the Baobab Group, a global microfinance network that provides a wide range of digital financial products and services including loans, savings, and insurance. As of December 2020, Baobab Mali had a loan portfolio of \$45.1 million, serving more than 20,000 borrowers (43% of whom were women) and 19,000 depositors with voluntary savings accounts. MCE has disbursed four loans totaling \$6.6 million to Baobab Mali since 2014.

**\$11.4M**  
outstanding portfolio in Africa as of December 2020

**14**  
portfolio companies operating in Africa as of December 2020

**168K+**  
end beneficiaries reached in Africa in 2020

**\$31.5M**  
disbursed to companies operating in Africa since 2006



■ Countries reached directly as of December 2020  
■ Additional countries reached by multi-country investments

**Small and Growing Businesses**

- TG TOLARO GLOBAL UN-SHELLING AFRICA'S POTENTIAL
- UNCOMMON CACAO SOURCE + TRADE
- EAST AFRICA FRUITS
- Sierra Agra Inc.
- MoringaConnect
- GOOD NATURE AGRO
- VICTORY FARMS
- COMACO Community Markets for Conservation
- CAJU INDUSTRIE S.A.
- natural extracts industries
- KOMAZA

**Inclusive Finance**

- BAOBAB NIGERIA
- FINCA Zambia
- LAPO Microfinance Company SL ...improving lives
- EFTA EQUIPMENT LOANS
- FINCA Tanzania
- SunFunder
- BAOBAB ZIMBABWE
- BAOBAB MALI

Companies listed include all active investments during 2020.



ETHIOPIA / PERENNIAL FOODS GROUP



## *our impact /*

“As our first international lender, MCE went above and beyond what a typical investor would have done during a global crisis. Not only did they provide two consecutive loans to support our growth, they also shared best practices in the sector and provided actionable recommendations to help us improve our systems and processes.”

**JAMSHIDBEK TURDIKULOV**

Chief Executive Officer, Renesans (Uzbekistan)

A smallholder farmer and client of Perennial Foods Group, a social enterprise that partners with small farms in Ethiopia to produce and source a range of fruits, vegetables, and herbs using regenerative and organic agricultural practices.



# impact overview / total portfolio



## U.N. SUSTAINABLE DEVELOPMENT GOALS

Our portfolio of financial service providers and small and growing businesses contributes to several of the U.N. Sustainable Development Goals.



Inclusive finance, while not explicitly designated as a goal in and of itself, has a direct impact on nearly all aspects of sustainable development, including poverty reduction, gender equality, food security, health, and education.



Our small and growing business investments in the agriculture value chain address many of these goals as well, with a particular focus on decent work and economic growth and climate action.



We are committed to advancing the achievement of these goals by 2030 through strategic partnerships and continued deployment of capital in pursuit of our mission.

## SINCE INCEPTION (2006)

### INCLUSIVE FINANCE PORTFOLIO

**\$211M+**  
DISBURSED TO

**107**  
FINANCIAL SERVICE PROVIDERS

**46**  
COUNTRIES

### SMALL AND GROWING BUSINESS PORTFOLIO

**\$17M+**  
DISBURSED TO

**26**  
SMALL AND GROWING BUSINESSES

**25**  
COUNTRIES

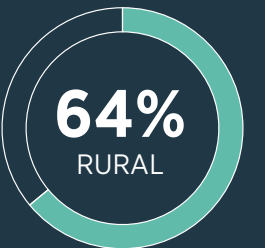
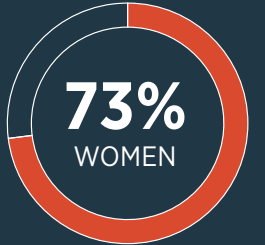
### TOTAL PORTFOLIO

**\$228M+**  
DISBURSED TO

**133**  
FINANCIAL SERVICE PROVIDERS

**55**  
COUNTRIES

## END BENEFICIARIES



### A note on counting end beneficiaries:

Using a combination of historic monitoring data and annual survey data, we are able to share these data-driven estimates for the number of people we have impacted.

These estimates count only direct beneficiaries of our investments. In reality, these loans support many more family members.

**9,244,874**  
CUMULATIVE PEOPLE IMPACTED SINCE INCEPTION

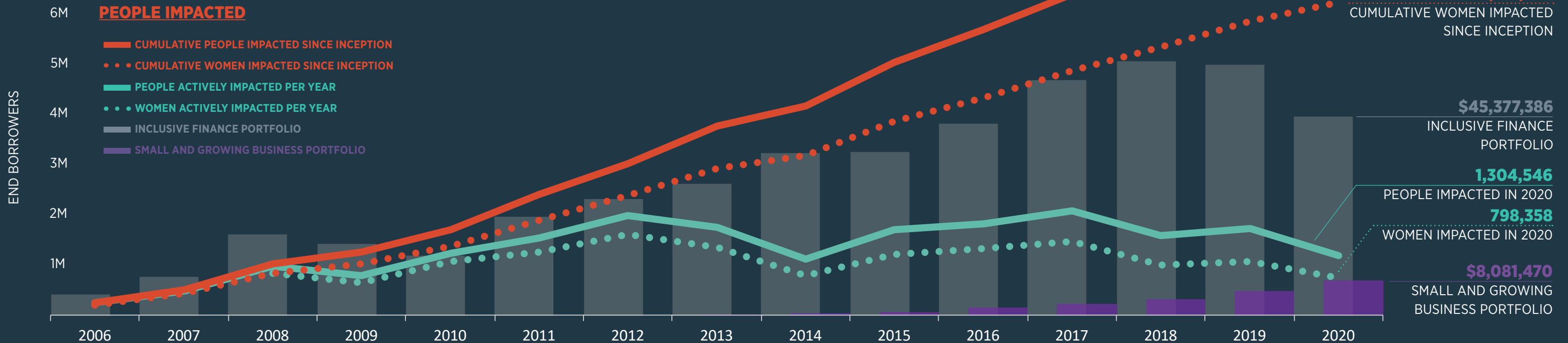
**6,781,324**  
CUMULATIVE WOMEN IMPACTED SINCE INCEPTION

**\$45,377,386**  
INCLUSIVE FINANCE PORTFOLIO

**1,304,546**  
PEOPLE IMPACTED IN 2020

**798,358**  
WOMEN IMPACTED IN 2020

**\$8,081,470**  
SMALL AND GROWING BUSINESS PORTFOLIO





# inclusive finance / by the numbers

## AS OF Q4 2020

our portfolio companies had:

**\$1.5B+**

IN MICROLOANS OUTSTANDING TO

**1.2M+**

ACTIVE BORROWERS

**573K+**

NEW BORROWERS REACHED IN 2020

**\$1.6K**

AVERAGE LOAN SIZE (WEIGHTED)

**284K+**

PEOPLE WITH VOLUNTARY SAVINGS ACCOUNTS

## ADDITIONAL SERVICES

**306K+**

PEOPLE RECEIVED BUSINESS EDUCATION OR FINANCIAL LITERACY TRAINING IN 2020

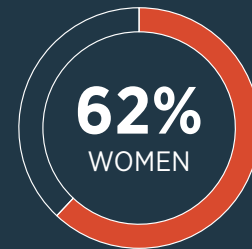
**146K+**

PEOPLE RECEIVED HEALTH EDUCATION OR MEDICAL SERVICES IN 2020

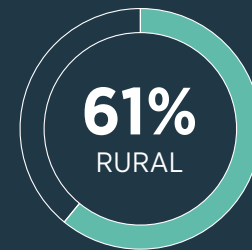
**30K+**

PEOPLE RECEIVED AGRICULTURAL TECHNICAL ASSISTANCE IN 2020

## END BORROWERS



Women represented 62% of total end borrowers across our portfolio, equivalent to 2019.



Rural borrowers represented 61% of total end borrowers across our portfolio, compared to 65% in 2019.



Agricultural borrowers represented 29% of total end borrowers, compared to 26% in 2019.

## EMPLOYMENT

**12K+**

EMPLOYEES OF INCLUSIVE FINANCE PORTFOLIO COMPANIES

**45%**

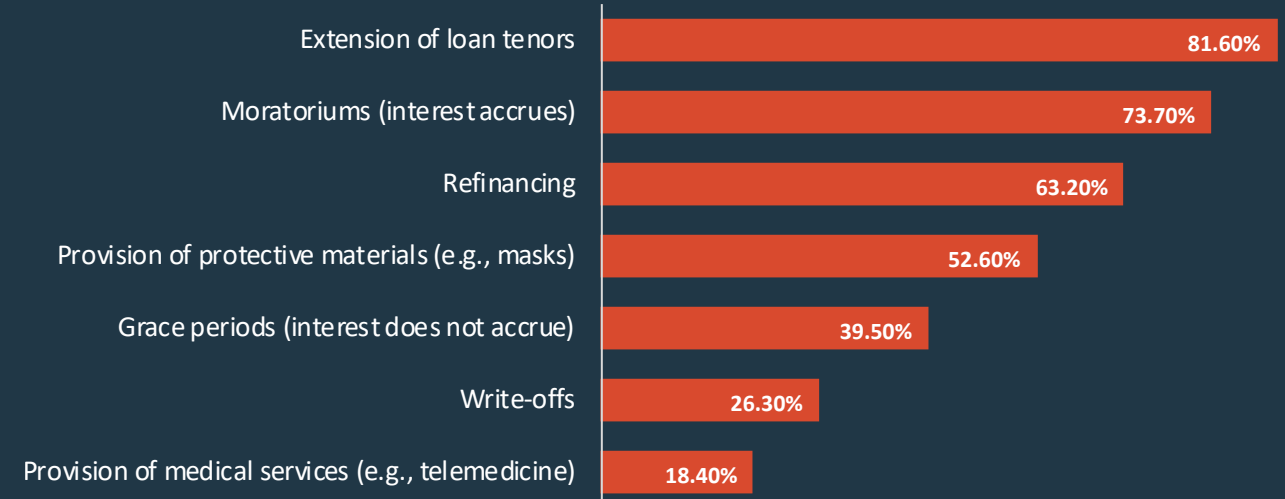
FEMALE EMPLOYEES

**36%**

WOMEN IN LEADERSHIP POSITIONS

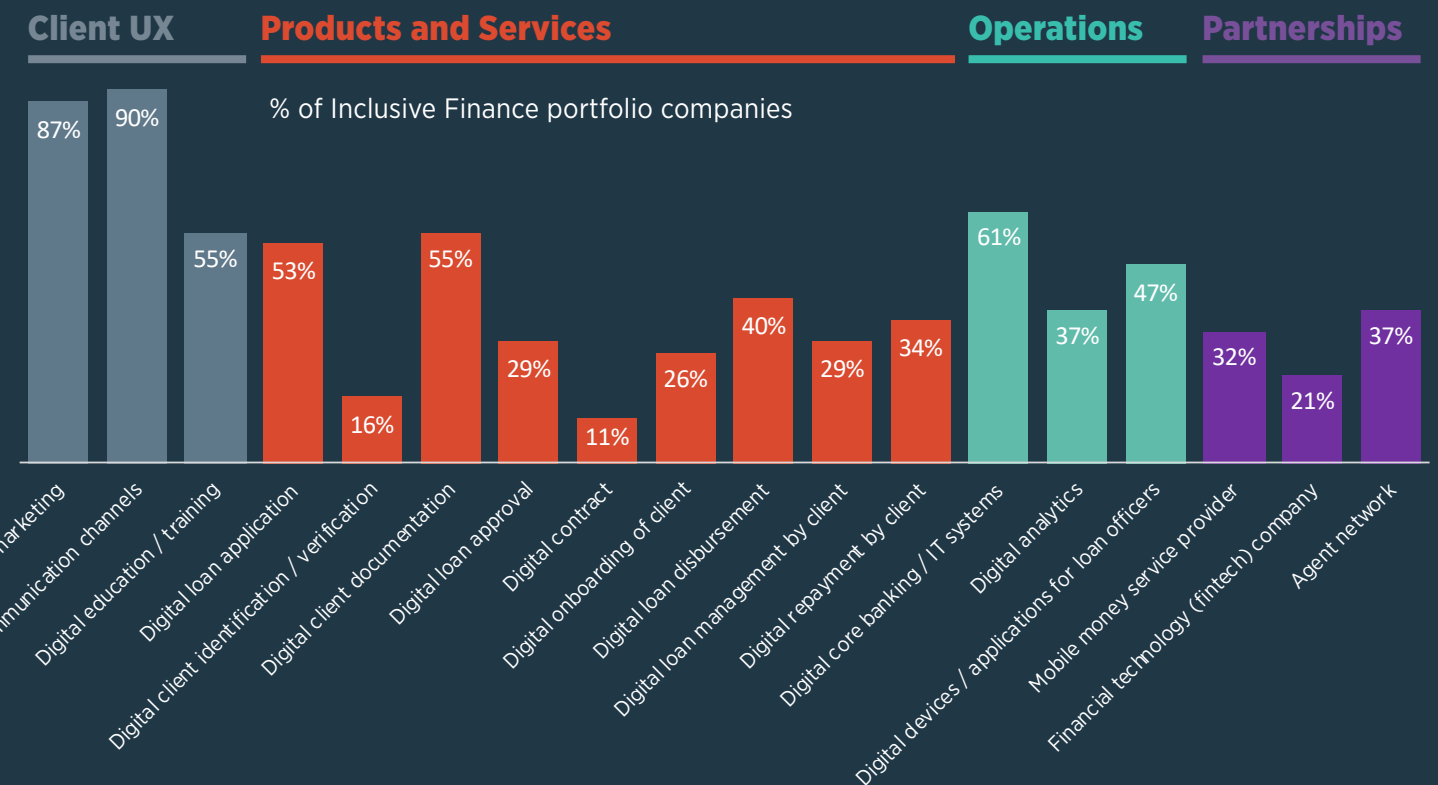
## MEASURES TAKEN TO PROTECT CLIENTS DURING COVID-19

The financial service providers in our portfolio played a critical role in supporting their clients throughout the COVID-19 pandemic. Here are some of the actions they took to protect their clients:



## DIGITIZATION

The digital revolution already underway was accelerated by COVID-19, and financial service providers had to quickly adapt by implementing low-touch financial services. Digitization allows providers to reduce costs, improve client experiences, and safely and effectively deliver products and services to underserved communities. In 2020, we surveyed our portfolio companies to understand the current state of digitization across our portfolio:





# small & growing businesses / *by the numbers*

## AS OF Q4 2020

our portfolio companies reached:

**69K+**  
FARMERS WHO SUPPLIED SGBS

**34K+**  
FARMERS TRAINED IN BEST PRACTICES

**115K+**  
FARMERS RECEIVED HIGH-QUALITY INPUTS

**11K+**  
FARMERS RECEIVED FINANCING OR CREDIT

**\$13M+**  
IN FARMER REVENUE (PAID BY SGBs)

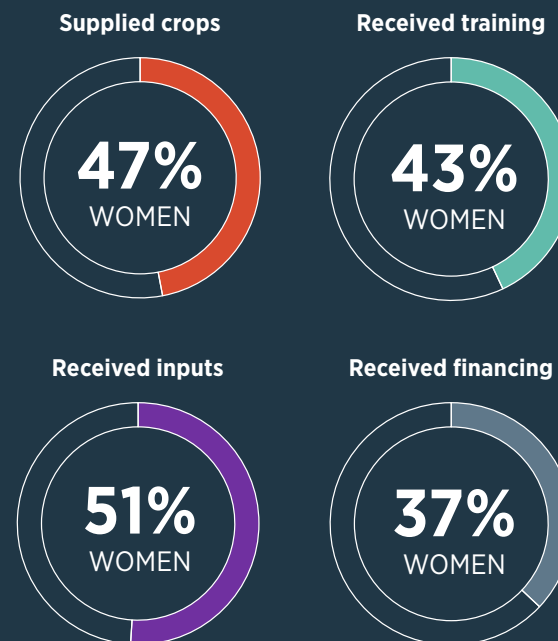
## EMPLOYMENT

**1.9K+**  
EMPLOYEES OF SMALL AND GROWING BUSINESS PORTFOLIO COMPANIES

**1.3K+**  
PERMANENT EMPLOYEES

**575+**  
TEMPORARY EMPLOYEES

## WOMEN SMALLHOLDER FARMERS



## WOMEN IN LEADERSHIP

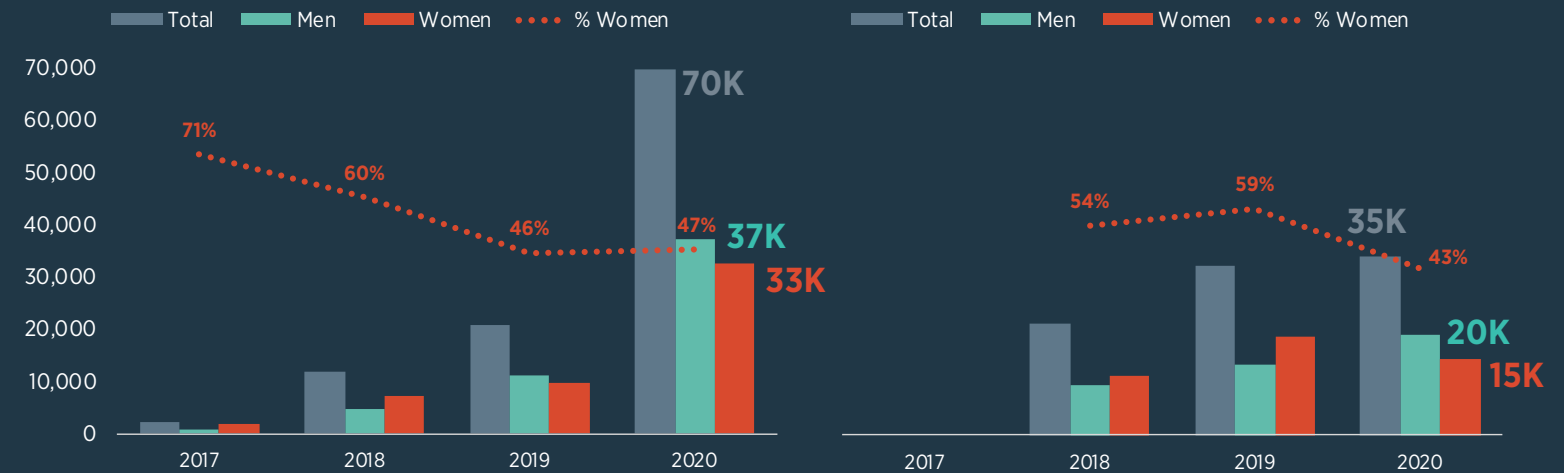
**21%**  
FEMALE FOUNDERS OR CO-FOUNDERS OF CURRENT PORTFOLIO COMPANIES

**27%**  
WOMEN IN MANAGEMENT POSITIONS

**29%**  
WOMEN ON BOARD OF DIRECTORS

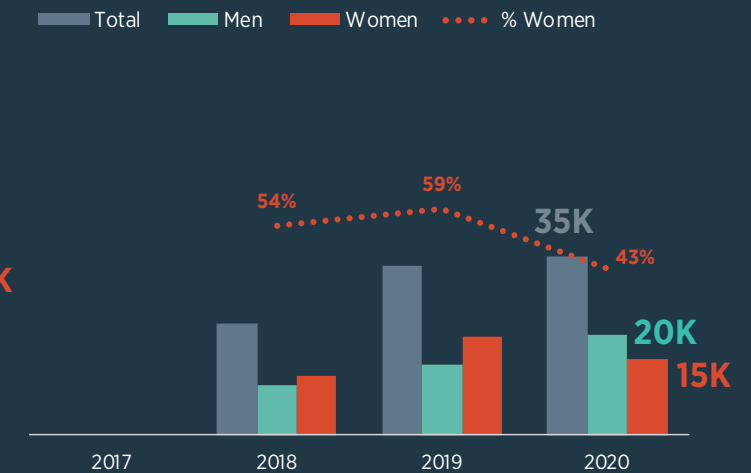
## SMALLHOLDER SUPPLIERS

Smallholder farmers who sold crops to our portfolio companies

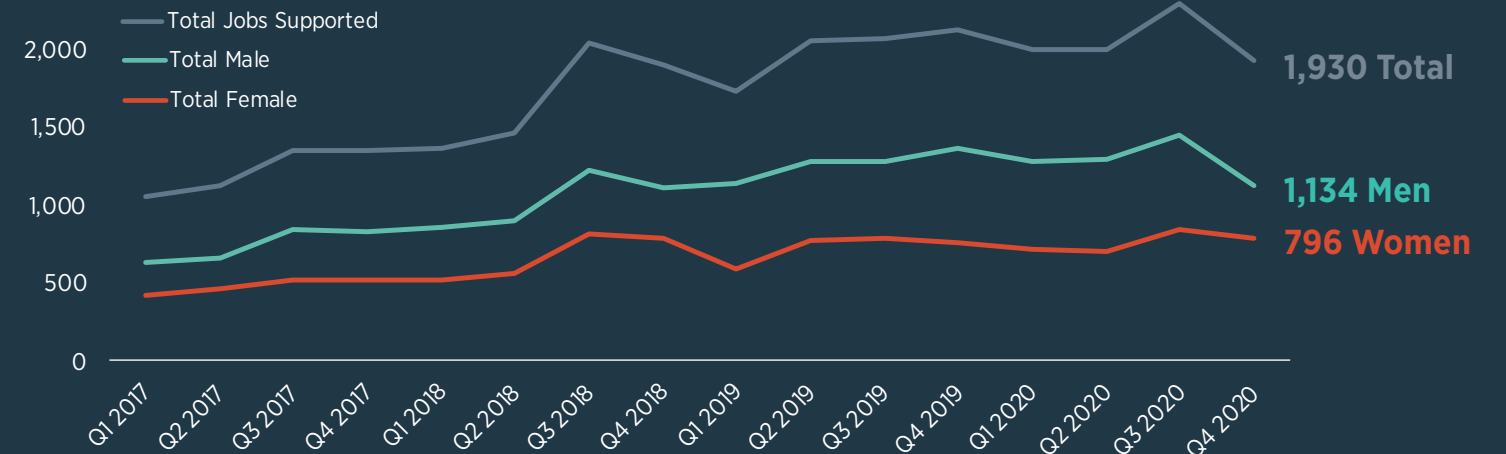


## SMALLHOLDERS TRAINED

Smallholder farmers who received training or technical assistance from our portfolio companies



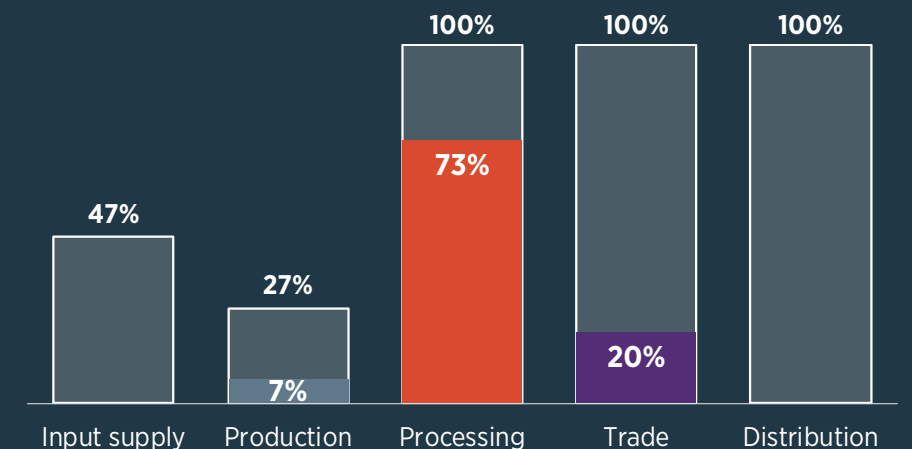
## JOBS SUPPORTED



## AGRICULTURE VALUE CHAIN

All of our SGB investments are active across multiple stages of the agriculture value chain (white bars), with different primary functions depending on their business model.

As illustrated here, **73%** of our investments focus on the processing of crops sourced from smallholder farmers, adding value in-country before trade and distribution.





MYANMAR / MCE



## *our community /*

“When we learned of MCE’s distinctive model and the opportunity it provides to put one’s wealth to work right away in support of underserved communities in the developing world, we immediately pursued getting involved. We are very excited to be part of the MCE community!”

**SUZANNE HIDEKAWA**

MCE Guarantor since 2020

Ma Aye Moe is a client of Proximity Finance, the microfinance company owned by Proximity Designs, a social enterprise that designs products and services to improve the livelihoods of underserved rural families in Myanmar. Proximity Finance has been a client of MCE since September 2017.



# our guarantors /

Our Guarantor community consists of inspiring, accomplished global citizens and organizations who are bound together by their commitment to improving livelihoods in low-income communities throughout the world. 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.

**Key Metrics**  
as of December 31, 2020

**\$150.3M**  
guaranteed capital

**102**  
MFI Guarantors

**26**  
SGB Guarantors



MYANMAR / MCE

EL SALVADOR / MCE

GHANA / MCE

## MFI Guarantors

### 2005

Dan Brunner  
Eric McCallum & Robin Smith  
Janet A. McKinley

Maggie Kaplan\*\*  
Linked Foundation  
Sarah Marie Martin & Nicholas Brophy

Darlene Daggett  
G.D.S. Legacy Foundation\*\*  
KL Felicitas Foundation  
Doug & Carol Steenland  
Anonymous

### 2014

John Coleman  
Justin & Lindsay Morales

### 2009

Jonathan C. Lewis  
Peggy Rawls

### 2012

Ellen & Karl Breyer  
The Eucalyptus Foundation  
Leonard Hyde  
Kerry Olson & David Katz  
Katharine Thompson  
Anonymous  
Anonymous

### 2015

1to4 Foundation/5th Unit  
Kenneth Carson & Sally Foster  
Neal & Florence Cohen  
Cordes Foundation  
Jerry Hirsch  
Dennis Houghton & Janet Healy  
Clark Mitchel  
Jeff Perlis  
Anonymous

### 2016

Tom & Betsy Balderston  
Eva & Yoel Haller  
Scott Kiere  
Rick & Cathy Osgood  
Theodore Petroulas  
Scott Satterwhite

### 2017

1to4 Foundation/6th Unit  
James J. Chu  
Jon Freeman  
Elizabeth Funk

### 2006

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

### 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

### 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

### 2011

1to4 Foundation†/John & Cathy Ayliffe  
1to4 Foundation/2nd Unit  
1to4 Foundation/3rd Unit  
Ron & Marlys Boehm

### 2008

Joseph Brescia

The Libra Foundation\*\*  
Douglas Leon Miller  
John T Swift 1990 Trust\*\*  
Anonymous

### 2020

Adrianus Kuiper<sup>§</sup>  
Construct Invest BV<sup>§</sup>  
Kevin Henrickson  
Jonathan Louis & Suzanne Hidekawa Lane  
Emanuel & Marilyn Sturman  
Antoon van den Berg<sup>§</sup>  
Anonymous<sup>§\*\*\*</sup>  
Anonymous<sup>§</sup>  
Anonymous

## SGB Guarantors

### 2017

John & Cathy Ayliffe  
Ron & Marlys Boehm\*\*  
Dan Brunner\*\*  
Kevin & Laurie Carnahan  
Darlene Daggett  
James Davidson\*\*  
Gary Ford & Nancy Ebb

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

### 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

### 2019

Christine A. Brown  
Dunn Family Charitable Foundation  
Isenberg Family Charitable Fdn\*\*\*\*\*  
Nancy K. Lawrence

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

### 2018

Beall Family Foundation  
Ed Brakeman  
Sayuri Sharper\*\*

### 2019

James J. Chu\*\*  
Dunn Family Charitable Foundation  
The Eric T. & Elizabeth C. Jacobsen Foundation\*\*  
Anna Marie Lyles

### 2020

Nasim Bitzer\*\*  
Maryanne Mott  
Anonymous  
Anonymous

**NOTE:** Guarantors listed by year in which they originally signed.

\*\* Indicates the number of units a Guarantor has signed for as of December 31, 2020.

† [1to4 Foundation](#) is MCE's partner in Switzerland through which European Guarantors can support MCE.

§ MCE Social Capital Stichting is the European Union partner of MCE Social Capital.





SAN FRANCISCO / MCE

## our team /

### Our Staff

**Pierre Berard**  
Managing Director and  
Chief Investment Officer

**Elisabeth Chasia**  
Principal, SGB Portfolio

**Catherine Covington**  
Managing Director  
and Chief Business  
Development Officer

**Renaud Duverger**  
Associate Portfolio  
Manager

**Carolyn Han**  
Portfolio Analyst

**Tracie Hudgins**  
Operations Manager

**Vanessa Kelley**  
Administrative and  
Compliance Assistant

**Christina Lukeman**  
Senior Business  
Development Manager

**Camilla Nestor**  
Chief Executive Officer

**Marcia Myers**  
Controller

**Harrison Pharamond**  
Senior Impact Analyst

**Jimena Quiroz**  
Portfolio Manager

**Maria Raurell**  
Portfolio Manager

**Bob Taylor**  
General Counsel

**Jackie Torriente**  
Loan and Accounts  
Manager

**Wendy Turman**  
Managing Director and  
Chief Financial Officer

### Our Board of Directors

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

**John Ayliffe**  
Co-founder and Chairman,  
1to4 Foundation

**Dan Brunner**  
Former CEO, Affordable  
Health Care Concepts

**Kevin Carnahan**  
Former Senior Managing  
Director, Accenture

**Jim Chu**  
Founder and CEO,  
UNTAPPED and dloHaiti

**Jim Davidson**  
Co-founder and President,  
PeakChange

**Laura De Vere**  
Founder, Social  
Capital Foundation

**Jay Dunn**  
Executive Director,  
Dunn Family Charitable  
Foundation

**Gary Ford**  
Former Managing Principal,  
Groom Law Group

**Leah Bradford Francis**  
Senior Program  
Officer, Bill & Melinda  
Gates Foundation

**Cary Hart**  
Retired Pediatrician,  
Kaiser Permanente

**Eric McCallum**  
Founder and President,  
Arctic Wire Rope & Supply

**Justin Morales**  
Real Estate Investor  
and Author

**Sayuri Sharper**  
Principal, KSF Impact

**Meg Stallard**  
Chair, Yolo Community  
Foundation

**Nancy Swanson**  
Executive Director,  
Linked Foundation

**Ayesha Wagle**  
Head of Investments,  
Rippleworks

**William Way**  
Former Managing  
Director, Accenture

## our investors and partners /

### Our Investors, Lenders, and Co-investing Partners

Combined with the power of our guarantee pools, our private investors, institutional lenders, and co-investing partners are critical to our success, enabling us to deploy catalytic debt capital to meet the financing needs of high-impact financial service providers and small and growing businesses. They include:





PERU / VILLA ANDINA



## *our financials /*

“Despite the unexpected challenges we faced in 2020, MCE was very successful in reducing our costs of funds while utilizing blended finance structures to balance risk, grow our SGB portfolio, and meet the financing needs of our portfolio companies during a critical time.”

**WENDY TURMAN**

MCE Managing Director and Chief Financial Officer

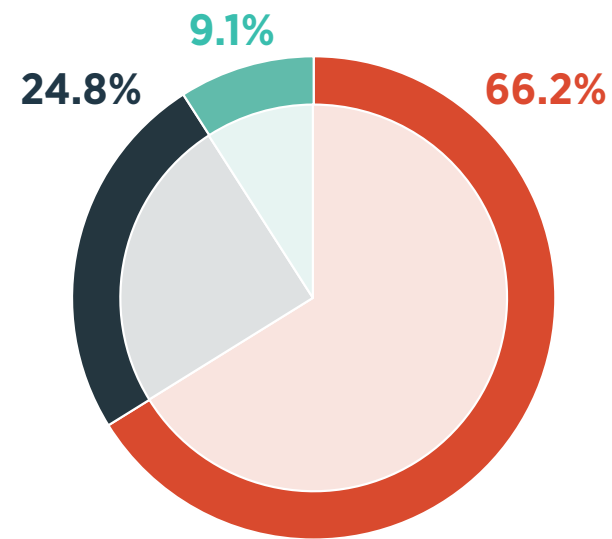
A smallholder farmer and client of Villa Andina, a social enterprise in Peru that works with rural communities to source native organic products and provide technical assistance to improve farmer yields and incomes.



# financials /

In 2020, MCE's total revenues were \$2,872,436, a 7% decrease from 2019. MCE's operating expense ratio was 3.74%, compared to the average portfolio.

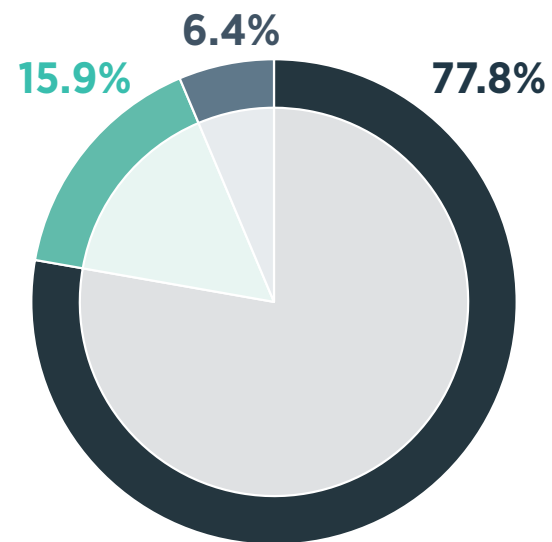
<u>Revenues</u>	2019 Audited	2020 Audited
<span style="color: red;">■</span> Lending Revenue	\$2,183,772	\$1,900,419
<span style="color: darkblue;">■</span> Grants and Donations	\$357,448	\$711,335*
<span style="color: teal;">■</span> Contributed Services	\$550,378	\$260,682
<b>Total Revenue Before Guarantor Call<sup>†</sup></b>	<b>\$3,091,598</b>	<b>\$2,872,436</b>
<b>Guarantor Call</b>	<b>\$1,031,651</b>	<b>\$347,663</b>



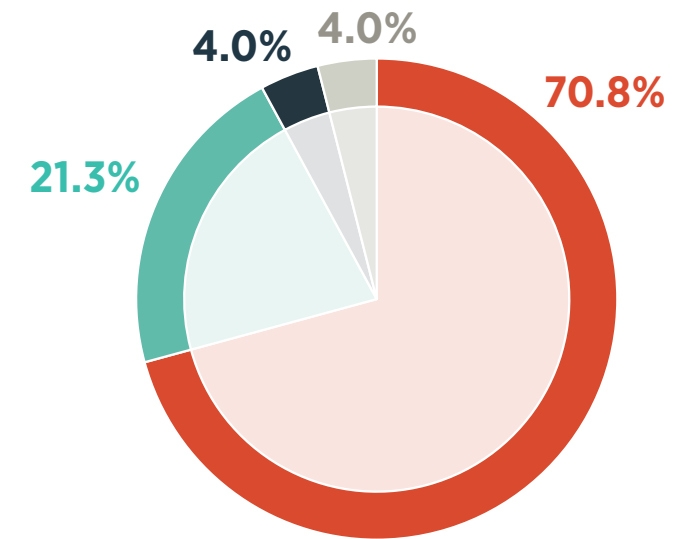
\*In 2020, MCE received a grant of \$3.7M from Deutsche Bank Microcredit Development Fund to accelerate the growth of our SGB portfolio. Only the unrestricted portion of the funds (\$245,000) is reflected above. The remaining \$3.5M is held in restricted assets to be used for lending to the SGB portfolio.

<sup>†</sup>All Guarantor calls cover default amounts and are shared pro rata across the responsible guarantee units.

<u>Expenses</u>	2019 Audited	2020 Audited
<span style="color: darkblue;">■</span> Portfolio Services and Operations	\$1,990,878	\$1,720,419
<span style="color: teal;">■</span> Management and General	\$334,806	\$351,344
<span style="color: grey;">■</span> Fundraising	\$108,349	\$140,539
<b>Total Expenses</b>	<b>\$2,434,033</b>	<b>\$2,212,302</b>



<u>Sources of Funding</u>	2019 Audited	2020 Audited
<span style="color: red;">■</span> Private Notes	\$26,783,333	\$35,775,000
<span style="color: teal;">■</span> Commercial Financial Institutions	\$19,050,000	\$10,775,000
<span style="color: darkblue;">■</span> Development Finance Institutions	\$11,950,000	\$2,000,000
<span style="color: grey;">■</span> Foundations	\$4,450,000	\$2,000,000
<b>Total Funding</b>	<b>\$62,200,000</b>	<b>\$50,550,000</b>



<u>Key Financial Ratios</u>	2019	2020
Portfolio Yield	8.14%	8.22%
Cost of Funds	4.21%	4.33%
Gross Portfolio Margin	3.93%	3.89%
Operating Expense Ratio	3.27%	3.74%
Net Margin	<b>0.66%</b>	<b>0.15%</b>

## END NOTES

- <sup>1</sup> Dalberg, "Closing the Gaps: Finance Pathways for Serving the Missing Middle," January 2020.
- <sup>2</sup> World Bank, "Profiting from Parity: Unlocking the Potential of Women's Businesses in Africa," March 2019.
- <sup>3</sup> International Finance Corporation, "Bridging the Gender Gap," 2014.
- <sup>4</sup> African Development Bank Group, "AFAWA (Affirmative Finance Action for Women in Africa)."
- <sup>5</sup> Project Drawdown, "Sustainable Intensification for Smallholders."
- <sup>6</sup> United Nations, "Climate Change and Social Inequality," October 2017.
- <sup>7</sup> International Fund for Agricultural Development, "Examining the Climate Finance Gap for Small-Scale Agriculture," November 2020.





SOCIAL CAPITAL



*impact.  
guaranteed.*

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contact us at [info@mcesocap.org](mailto:info@mcesocap.org)  
for more information.

