



Invest in Visions

# IMPACT REPORT 2019

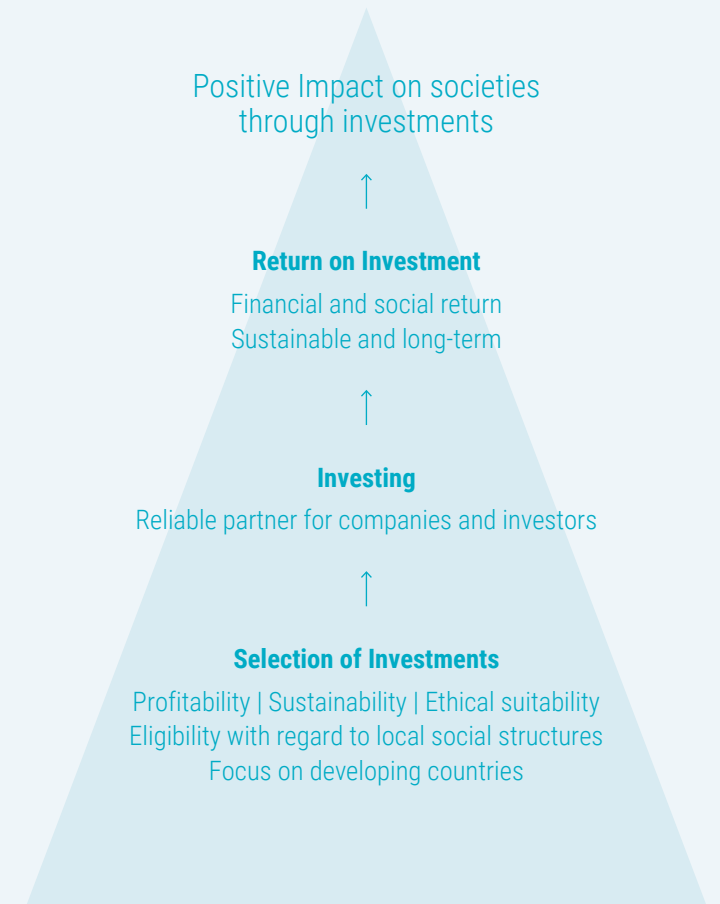
# CORPORATE MISSION

As an Impact Investor we are convinced that investments can have a positive impact on societies and businesses.

Therefore, our goal is preserve and increase the capital entrusted to us, but to use it in such a way that it can have a positive effect. The core of our corporate philosophy is impact-oriented. For this reason, we invest the capital entrusted to us exclusively in impact investments.

We work alongside our partners to improve the socio-economic environment of the countries and regions where we invest with private funding. According to our internal investment rules we thoroughly evaluate our investment targets in terms of profitability, sustainability, ethical suitability as well as eligibility regarding local social structures. We focus on where the need and the desired impact to be achieved are the greatest: developing countries.

Since establishing the company, we have been committed to making sustainable investments in economic development and social progress accessible to the widest possible range of investors. We see ourselves as a link between the - sometimes very different - worlds of our investors and of the companies we support. To them we are a reliable partner on whom they can depend also in difficult times – because we genuinely believe in the meaning of our investments and consider them as a long-term commitment.



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The Sustainable Development Goals of the United Nations - SDGs in short - were adopted in September 2015 under the motto “Leaving no one behind”. The SDGs are based on the Millennium Goals of the year 2000, which they are intended to both expand and complete.

The 17 SDGs with their 169 targets offer a comprehensive interpretation of the term “Sustainability” in its three dimensions: economic, social and ecological. If the SDGs are to be reached by 2030 as targeted, major efforts are still needed – also by the private sector. Public funding will not be sufficient to close the annual financing gap of an estimated 2.5 trillion US Dollars per year that is needed for additional investments in developing countries.



→ [Learn more about SDGs](#)

# FOREWORD

## Dear Reader!

Climate crisis, global poverty, political and social tensions: in 2019, the year on which we reflect in this report, the challenges our society faces did not lessen. On the contrary. Especially regarding global warming, scientific research and daily reporting suggest that the situation is becoming increasingly acute.

One particular concept is being offered as a possible solution to these problems: **Sustainability**. Due to its steering function for the real economy, the financial sector in particular is increasingly required to take sustainability into account – both by politicians and investors, who are acting with growing awareness in their investment decisions. With the agreement on a taxonomy for economic activities that can be classified as sustainable, the European Union took the first important step at the end of 2019 towards implementing its **Action Plan on Sustainable Finance** which was presented in March 2018. At the same time, according to the Forum for Sustainable Investments (FNG), the volume of sustainable investments in Germany rose by 41 billion Euro last year to a market share of 4.5 percent.

We welcome this development, as we believe it is a necessary step to ensure the future of our planet for coming generations. For us at Invest in Visions it is important that **sustainability is not only understood with respect to ecological matters, but also as an economic and social concept**. The United Nations' Sustainable Development Goals (SDGs) declared in 2015 provide the orientation for this. They form a comprehensive development program that can make the world a better place – assumed they are implemented.

The attainment of these goals is possible. However, to achieve this, in the years to come more private capital will need to be redirected into fields that contribute to meeting the sustainability targets. To achieve SDGs in developing countries alone, it is estimated that an additional **2.5 trillion USD of investment** is required every year.<sup>1</sup> One of the difficulties faced by investors is understand-



**Edda Schröder**  
Founder and Managing Director of  
Invest in Visions GmbH

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1. UNCTAD, World Investment Report 2014, p. 140



ing which companies and projects contribute to sustainable development and are profitable at the same time. This is exactly where we see our role as an impact investor: **finding investment opportunities that offer a financial as well as a social and ecological return.**

With our various **microfinance funds** we contribute to several development goals: reducing poverty and hunger, creating jobs, promoting business and the financial independence of women. In 2019, the investments managed through our impact funds grew by 11.8 percent to over 823 million Euros. This money was used to support **around 590,000 micro-entrepreneurs** and their families by the end of the year.

Impact investing is characterized by the fact that any social impact must not be a mere coincidental side effect. It must be aimed at in advance and must be measured in retrospect. To ensure that the money arrives where it is needed, in 2019 we once again refined our **impact management**. In addition, a sustainability strategy was developed last year, with which we wish to guarantee that we act sustainably and fulfil our social responsibility not only on the level of capital management, but also on the corporate level.

In a sector as rapidly growing as sustainable finance, transparency is particularly important. We are therefore pleased to present here for the first time an integrated report that combines both our annual report and sustainability report.

We thank you for your continued trust and hope to accompany you in the future as your partner for impact investing.

**Yours**

*Edda Schroeder*



► [Edda Schroeder on Sustainability in the finance sector \(German\)](#)



Visit to the general store of microcredit borrower Zacharia Mungai, Kenya

## Impact Report 2019

# COMPANY REPORT

- 7 Financial Figures
- 8 Company and Sustainability Strategies
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- 10 "Time to Discuss" and Further Events 2019
- 11 Partners & Memberships





Invest in Visions GmbH

# FINANCIAL FIGURES

## Extract from Balance Sheet (in EUR) \*

	2019	2018
<b>Total assets</b>	5,182,947.57	3,854,423.16

## Extract from Profit and Loss Statement (in EUR) \*

	2019	2018
<b>Net turnover</b>	4,955,086.63	3,950,558.28
<b>Operating expenses</b>	2,048,410.62	1,888,503.35
<b>Personnel costs</b>	1,259,168.33	1,102,772.56
<b>Miscellaneous costs</b>	789,242.29	785,730.79
<b>EBIT</b>	2,870,839.46	2,036,997.78
<b>Tax</b>	911,611.84	658,463.56
<b>Annual net profit</b>	1,959,227.62	1,378,131.30

Cost Income Ratio

42.81%

Return on Income

40.23%

EBIT

58.94%

AUM \*\* per Employee

45,746,157 EUR

Number of Employees \*\*\*

18

AUM

2019 823.03 Mio. EUR  
2018 736.11 Mio. EUR



+11.8%

EBIT

2019 2.87 Mio. EUR

2018 2.04 Mio. EUR

+40.9%

\* Data based on the preliminary financial statements 2019, as of 03/2020 | \*\* Assets under Management | \*\*\* subject to social insurance

## Our Responsibility

## COMPANY AND SUSTAINABILITY STRATEGY

As a pioneer in the field of impact investing, Invest in Visions GmbH (IIV) is committed to the concept of sustainable development and aims to promote sustainable development at both the company and the business level through appropriate sustainability management measures. Our sustainability management is based on the 17 sustainability goals of the United Nations. These combine the three well-known pillars of sustainability – environmental and social issues as well as good corporate governance. The long-term goal of IIV is the improvement of its own performance regarding all SDG criteria. In addition, IIV commits itself to complete transparency regarding its sustainability performance and the disclosure of key financial figures by issuing an integrated annual report.

It is essential to continually identify significant sustainability risks in order to integrate them into a holistic risk strategy. Sustainability risks are assessed on two levels. On the one hand, risks which may have a negative impact on IIV and its business are identified, e.g. through environmental factors. On the other hand, we check whether the (business) activities of Invest in Visions GmbH result in any sustainability risks.

## Objectives Company Level



Transparent communication of positive and negative factors

Reduction of energy and consumption of resources / Improvement of energy intensity

SDG 7 13

Diversity, training and ensuring flexibility in the team

SDG 4 5 8

Measurement and compensation of CO2 emissions based on actual environmental impact

SDG 13

Holistic approach of sustainability risks at company and business levels

## Objectives Portfolio Level



100 % Impact oriented investments

SDG 1 2 5 8 9

Prospective development of investments along all SDGs

Transparent communication of positive and negative factors / portfolio disclosure

Active engagement in the context of business relationships to improve sustainability performance

SDG 12

Prospective measurement and improvement of the CO2 carbon footprint of the completed investments

SDG 13

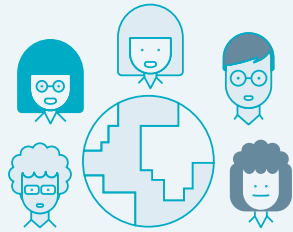




Invest in Visions GmbH

# SUSTAINABILITY PERFORMANCE

## Staff

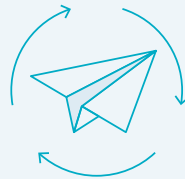


18 Employees from 10 Countries

56% women | 31% part-time | 50% growth\*\*

SDG   

## Paper Consumption

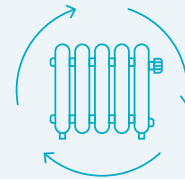


~16,250 Sheets

100 % recycled paper

SDG 

## Heating

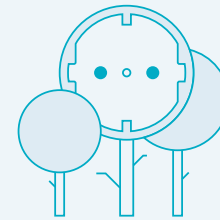


21,983 kWh

Natural gas, 100% compensated \*

SDG 

## Electricity Consumption



8,431 kWh

100 % Eco-power (Polarstern)

SDG 

## Commute



54 % Cycle/Walk

36 % Public Transport

SDG 

## Kilometers Travelled

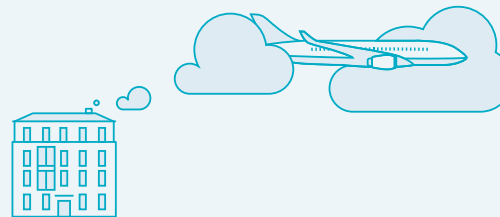


155,471 km

100 % compensated \*

SDG 

## CO2 Emissions



39.93t 100% compensated \*

thereof: 3.98t commute

4.41t Heating energy | 31.54t travel

SDG 

## Sustainable Partners



Long-term cooperation  
with sustainable partners  
(e.g. with Triodos Bank)

4 QUALITY  
EDUCATION



5 GENDER  
EQUALITY



7 AFFORDABLE AND  
CLEAN ENERGY



8 DECENT WORK AND  
ECONOMIC GROWTH



11 SUSTAINABLE CITIES  
AND COMMUNITIES



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



13 CLIMATE  
ACTION



Our Event “Time to Discuss”

## SUSTAINABLY IRRITATED?



In 2019, we again hosted our annual series of events entitled “Impact Investing – Time to Discuss”. It took place on September 17 under the title “Sustainably Irritated? Paradigm Shifts in the Financial Industry”. Approximately 70 participants and four panellists discussed opportunities and obstacles to increased sustainability in the financial sector.

Edda Schröder began by pointing out the great responsibility of the financial sector. Enormous sums of money are needed to meet the challenges posed by climate change and to achieve the United Nations’ sustainable development goals. Since public funds will not be sufficient for this purpose, private capital also needs to be increasingly channelled into sustainable projects and companies. The subsequent presentations dealt mainly with the conditions for how this can be achieved.

Many are concerned about the challenges that new regulatory frameworks, such as the EU taxonomy or the obligation to query sustainability preferences

when advising clients, will present to the financial industry. In addition, there is the question: Does sustainability mean a lower return on investment? Professor Alexander Bassen, member of the German Council for Sustainable Development, stressed in his presentation that compliance with ESG criteria does not automatically mean diminished financial returns. The well-known expert on capital market law, Dr Christian Waigel, on the other hand, emphasized the difficulties financial institutions face in his view due to increased sustainability requirements.

If sustainable investments are to become more important in the future, investor confidence must be gained or strengthened. This will also require convincing proof of the effect of impact investing. In her presentation, Professor Barbara Scheck presented various approaches to measuring impact. Finally, the social scientist and futurologist Professor Harald Welzer pointed out the prerequisites for a successful sustainability transformation in the economy, to which all parts of society would have to contribute – including the financial industry.

In the future, we will continue to intensively focus on the topics that were discussed - sometimes controversially. Answers and new questions may already be available in the next round of “Time to Discuss”.

► [See interviews with several participants of the event “Time to Discuss” \(German\)](#)

## Further Events and Activities 2019



As every year, we offered two webinars in which Edda Schröder and Dr. Carlos de las Salas (Chief Investment Officer) provided information on recent developments of our portfolio and other topics such as the granting of foreign currency loans last year. In addition, our teams participated in many external events in order to stay up-to-date. One highlight of the year for our portfolio management team was their visit to Punta Cana (Dominican Republic) at the end of October to attend FOROMIC, the largest regional conference on financial inclusion in Latin America.

Reliable Cooperation at Eye Level

## PARTNERS AND MEMBERSHIPS

For Invest in Visions GmbH, long-term and reliable partnerships are not only necessary, but an integral part of the corporate philosophy. We are convinced that through a trusting cooperation at eye level the best results can be achieved for investors, business partners and especially our endcustomers, i. e. microentrepreneurs in developing countries.

At an administrative level, since 2018 we have been working closely with our service fund administrator HANSAINVEST in Hamburg. Its subsidiary HANSAINVEST Lux acts as our partner in Luxembourg. Together with the private bank Donner & Reuschel (Hamburg) and DZ Private Bank (Luxembourg) we carry out the active management of our investment funds. Side by side with the Darlehenskasse Muenster (DKM) we implement specialized fund products as portfolio managers. The investment advisors Agents for Impact (Germany), Developing World Markets (USA) and Incofin (Belgium) support us worldwide in the search for suitable microfinance institutions and in their financial and legal audits.

We also maintain strong partnerships through our membership in various associations and initiatives. On the one hand, these memberships ensure that we remain up-to-date on legal and organizational issues. On the other hand, they enable us to represent our interests, especially in the field of sustainable financial products. By providing our own information and exchanging information within the network, all partners benefit equally.

### Partner

**HANSAINVEST**

**DKM** Partner für  
Kirche + Caritas  
Einfach gut für Ihre Werte.

**DONNER & REUSCHEL**  
PRIVATBANK SEIT 1798

**DZ PRIVATBANK**

**AGENTS  
FOR  
IMPACT**

**DEVELOPING  
WORLD  
MARKETS**

**incofin**  
INVESTMENT MANAGEMENT

### Memberships

**BAI** Diversifikation zählt.

**Bundesinitiative  
IMPACT  
INVESTING**

**FNG**  
FORUM NACHHALTIGER GELDBÄNGLICHEN

**Ö21** ökofinanz-21 e.V.  
Netzwerk für nachhaltige  
Vermögensberatung®

Signatory of:  
**PRI** Principles for  
Responsible  
Investment

Mitglied im  
**V | U | V**  
Verband unabhängiger Vermögensverwalter  
Deutschland e.V.



## Impact Report 2019

# PORTFOLIO REPORT

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Invest in Visions

# PIONEER IN "FINANCIAL INCLUSION"

For people living in the industrialized nations of the global North, access to all kinds of financial services is a matter of course. In emerging and developing countries the situation is vastly different: According to the World Bank, around 1.7 billion people in these countries do not possess a bank account.<sup>1</sup> Many of them are not granted loans either - because they do not have sufficient loan collateral or because they live in rural areas and the administrative burden would be too great for traditional financial institutions. Often, both are the case.

This all inhibits the creation and development of enterprises. The International Finance Corporation (IFC), a subsidiary of the World Bank, has calculated a financing gap for micro-, small- and medium-sized enterprises in the emerging markets amounting to 5.2 trillion US Dollars.<sup>2</sup> However, precisely such companies are the motor for economic development and job creation. And both are urgently needed: By 2030, 3.3 million jobs need to be created every month in developing countries in order to secure a livelihood for their growing populations.<sup>3</sup> Microloans can make an important contribution here.

But "financial inclusion" is more than just supporting micro- and small enterprises. Financial bottlenecks and lack of access to financial services generally hit low-income people harder than the wealthy. They can lead to situations where medical care is not guaranteed, rent cannot be paid, children can no longer go to school or important obligations of daily life cannot be met. The negative consequences for people's lives in such cases are usually profound.

Since 2006, Invest in Visions has been contributing to the promotion of economic progress in developing countries by providing money to people when they urgently need it. We do this by using our microfinance funds to provide unsecured loans to microfinance institutions (MFIs). The MFIs pass these loans on to local people in the form of microloans to support income-generating activities or necessary social expenditures.

With our commitment to "financial inclusion", we are working towards achieving several of the sustainable development goals declared by the United Nations and towards keeping their promise that "Nobody will be left behind" by 2030.<sup>4</sup>

1. Asli Demirgüç-Kunt et al., The Global Findex Database 2017. Measuring Financial Inclusion and the Fintech Revolution, Washington D.C. (The World Bank) 2018.
2. International Finance Corporation, MSME Financing Gap. Assessment of the Shortfalls and Opportunities in Financing Micro, Small and Medium Enterprises in Emerging Markets, Washington D.C. 2017, pp. 27-8.
3. Ibid., p. VII.
4. See SDG targets 1.4, 2.3, 5.a, 8.3 and 9.3.

Financial inclusion contributes to achieving the following SDGs:



## Sustainable Growth

## PORTFOLIO DEVELOPMENT



## Fund Volume

Last year, our microfinance funds recorded significant growth. At the end of 2019, assets under management amounted to more than 823 million Euro, an increase of almost 12 percent from the previous year.

## Investment Ratio and New Loans Granted

In addition to these cash inflows, a large part of the portfolio matured in 2019. Our portfolio management team succeeded in building a stable and reliable investment pipeline and increased the investment ratio to 83 percent.\*

“In microfinance it is important to combine economic efficiency with social impact. This is what the portfolio management team at Invest in Visions is working towards.

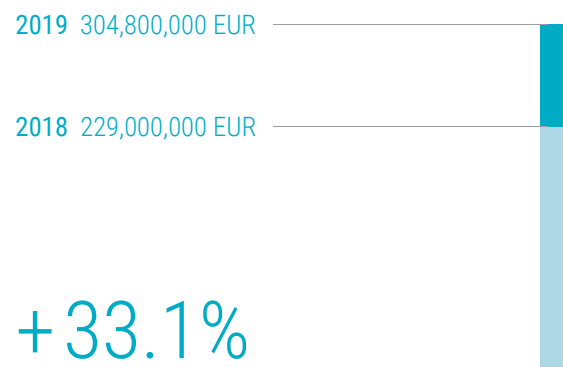
Only if both are guaranteed, a truly sustainable business model can be created.”

**Dr. Carlos de las Salas**  
Chief Investment Officer

## Assets under Management (AUM)



## New Loans Granted



\* Status 31.12.2019



Sustainable Growth

PORTFOLIO DEVELOPMENT

Further Diversification of the Portfolio

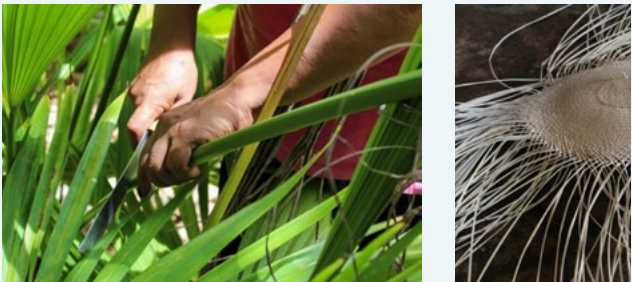
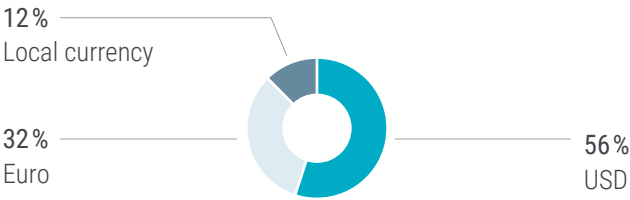
In 2019, we continually expanded our portfolio. The Republic of Moldova, China and India were added as new countries. India, especially, with its population of almost 1.5 billion, is a promising growth market. Many Indian citizens have never taken out a formal loan. Simultaneously, Indian MFIs have scalable business models and can serve many sub-borrowers, so that a high social impact is achieved here. The Indian microfinance market is strictly regulated, ensuring strong client protection. A portrait of an Indian MFI can be found on [Page 20](#).

Other markets developed less positively last year. This is particularly true in Cambodia, where the high per-capita debt and, in some cases, business practices of some MFIs have led to social problems. For this reason, we have switched to more selective lending in Cambodia. This has meant that no new loans were granted to certain MFIs and that our cooperation concentrated on those institutions that can offer convincing customer protection mechanisms.

Lending in Local Currencies

An important development of our investment strategy in 2019 was the provision of loans in local currency. For the first time, we extended loans in Mexican pesos, Indian rupees, Chilean pesos, Indonesian rupees and Thai baht through our microfinance funds. In this way we were able to meet the needs of microfinance institutions that required refinancing in local currencies. At the same time, we were able to achieve savings in currency hedging. Loans in local currency accounted for 12 percent of the total new loans granted. We are working on providing more MFIs with local currency loans in the future in order to meet the needs of our customers even better.

Currency of new loans granted in 2019



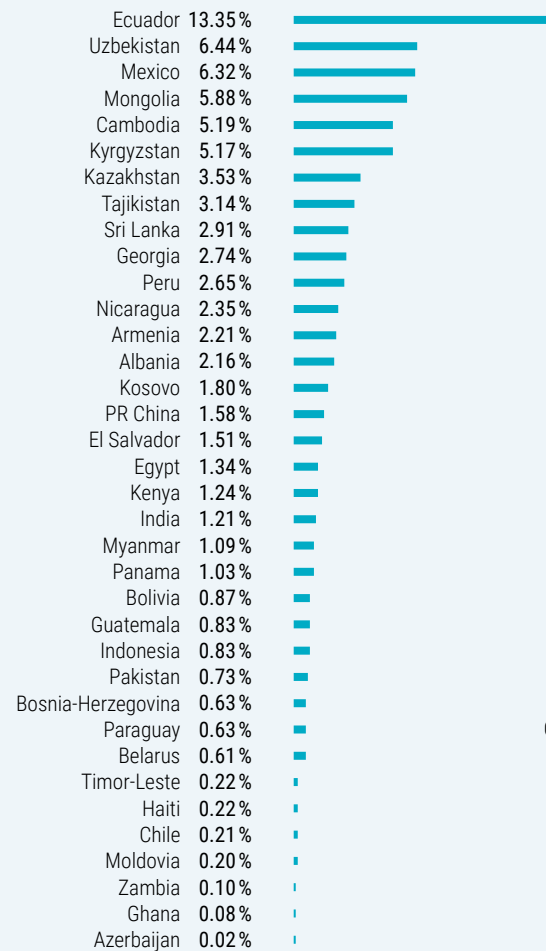
Source: Alternativa 19 del Sur

**Maria Victoria** has been making hats from palm leaves for 16 years. Her small business provides the livelihoods of twelve families. Maria was granted a loan of 20,000 Mexican pesos (approx. 930 Euros), from the microfinance institution Alternativa 19 del Sur. She regards this loan as crucial for the success of her business. The loan has enabled her to produce in larger quantities and to expand her range of hats, and thus her clientele.

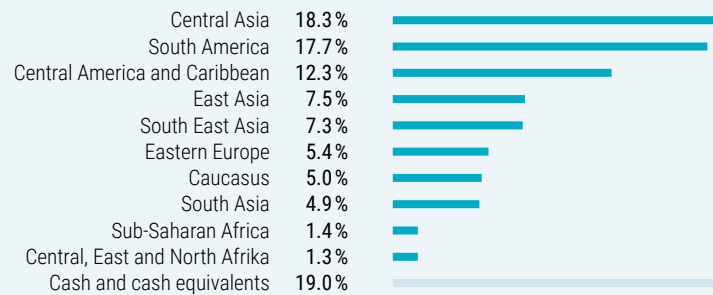
## Worldwide Impact

## REGIONAL DISTRIBUTION OF OUR INVESTMENTS

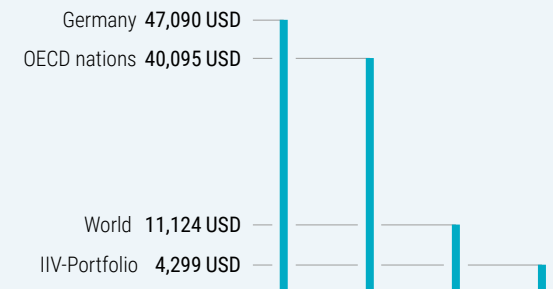
## Asset Allocation by Country



## Asset-Allocation by Region



## Per capita income in comparison



## Country Report

# ECUADOR — A CHALLENGING MARKET FOR MICROFINANCE

With a share of over 13 percent of Invest in Vision's fund portfolio, Ecuador is the country in which we held the highest total investments in 2019. The Andean country has a well-developed microfinance market, where competition among providers leads to strong client protection and good conditions for borrowers. The Ecuadorian MFIs

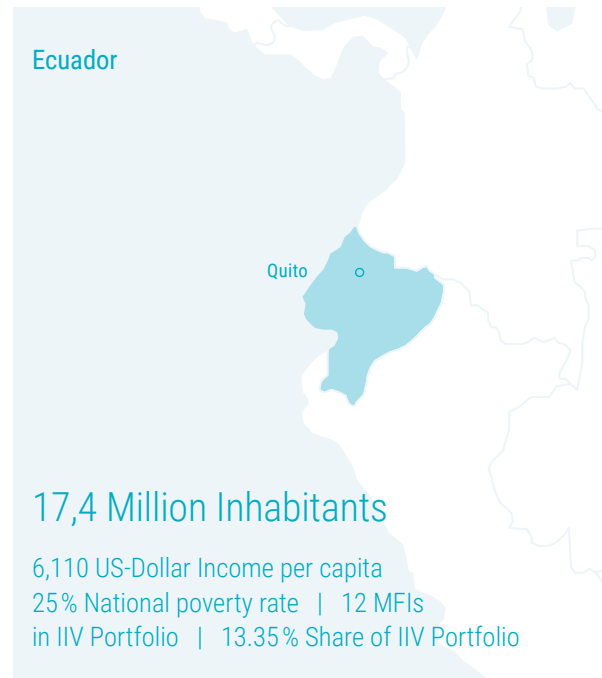
in our portfolio charge interest rates of 20.8 percent on average. This is well below the interest rate ceiling of 25.8 percent imposed by the government in March 2019. Interest rates on the informal market, which is the only alternative for most customers of microfinance institutions, are even higher.

Like several other countries in South America, Ecuador is heavily dependent on oil exports. And the price of oil has been falling for several years. Lower revenues from oil exports mean lower government revenues that must be compensated by cutting expenditures. In parallel to the economic difficulties, pressure from external lenders such as the International Monetary Fund (IMF) has increased, who tie their loans to reforms and austerity measures. Ecuador's president presented a controversial austerity decree in October that meant a massive reduction in subsidies for petrol prices. This led to protests where thousands of Ecuadorians protested for fairer social and economic conditions in the country.

A general strike temporarily paralyzed public life in Ecuador. Despite the unrest and even though there was a temporary curfew, all microfinance institutions resumed their regular operations within a few weeks. In December 2019, President Moreno announced the introduction of a new, socially acceptable and growth-oriented tax system.

In spite of the challenging situation, Ecuador's MFIs remained stable in the second half of the year.

Regardless of the difficult environment, Invest in Visions will continue to have a presence in Ecuador. In order to achieve social impact in the medium term and identify financial risks at the same time, we work closely with our business partners. This is because given the great inequality in Ecuador, microfinance is indispensable. Social inequality is a structural feature of all countries dependent on oil exports. This inequality is even more pronounced in times of crisis. Poverty had been decreasing in Ecuador in recent years but has been rising again as a result of the economic crisis. Every fourth Ecuadorian lived below the national poverty line in 2019. In this situation, microfinance can play an important role in improving the living conditions of those having to cope with low incomes.

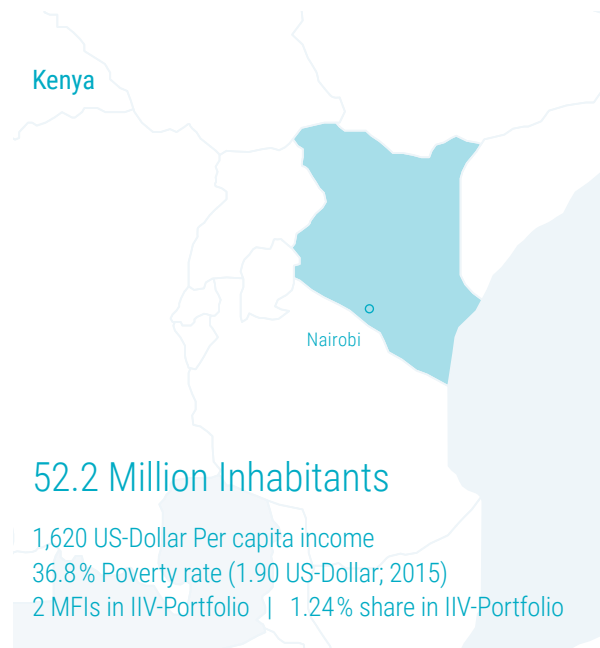




## Country Report

# KENYA – INEQUALITY AND POVERTY DESPITE ECONOMIC GROWTH

Kenya is currently one of the most dynamic economies in sub-Saharan Africa. The upswing has been continuing for several years now. Between 2014 and 2018, economic growth averaged 5.6 percent per year. In 2019, it reached 5.7 percent. Structural, political and economic reforms as well as stable macroeconomic conditions have made the upswing possible.



Positive effects on the Kenyan economy are attributed, among other things, to the constitutional reform of 2010, in which a decentralised administrative system with 47 regional counties was introduced.

Despite the overall positive economic development, poverty and inequality are still present almost everywhere in Kenya. More than a third of the Kenyan population lives below the international poverty line of US\$ 1.90 per day. This is an exceedingly high proportion for a country which the World Bank considers to be one of the “lower middle-income countries” due to its average per-capita income of 1,620 US Dollars (2018). Poverty dominates the picture in both rural and urban areas. Because it is particularly prevalent in the countryside, half a million people move to the cities every year, but they have neither adequate housing nor employment opportunities. 61 percent of city dwellers therefore live in huge slums such as the Kibera district of Nairobi.

By supporting micro- and small enterprises in Kenya, we at Invest in Visions try to help mitigating this situation. In December 2019 we visited Kenya and talked with our partners. On this occasion, we were also able to meet and get to know some of our end-customers.



**Zacharia Mungai** is a general storekeeper. He lives with his wife and daughter in a suburb of Nairobi. Last year, Zacharia was granted a loan of 2,500 US dollars by one of our partner MFIs with which he purchased new goods for his business. The small shop, where he sells products such as paints and tools, now generates a turnover of about 450 Euro per month. With the income from the shop Zacharia can support his family.

Together for Development and Client Protection

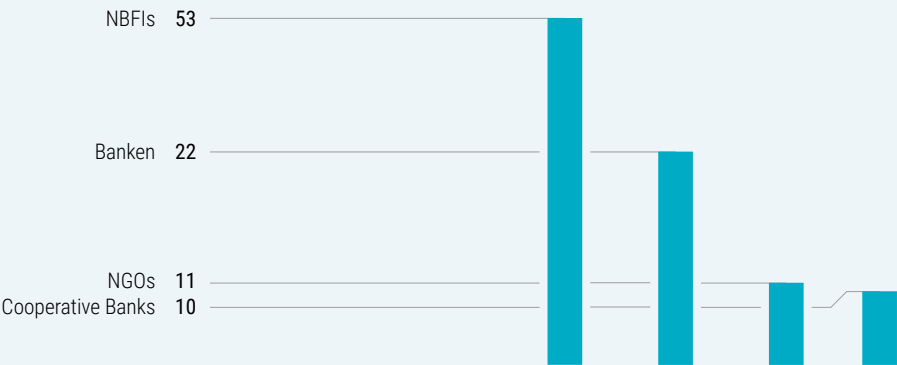
# OUR PARTNER INSTITUTIONS

## 96 Funded Microfinance Institutions

At the end of 2019, Invest in Visions supported 96 microfinance institutions in 36 different countries. One of the most important criteria for us when selecting an MFI is whether it takes measures to protect customers according to the Client Protection Principles, which were developed by the Smart Campaign.

Our portfolio includes the entire range of microfinance providers – non-banking financial institutions (NBFI), banks with microfinance portfolios, NGOs and cooperative banks. Together they serve the different customer segments from micro-entrepreneurs to small and medium-sized businesses.

MFIs by Category (number)



## 3 Advisors

Our three advisors, Incofin, Developing World Markets and Agents for Impact, accompany us during the investment process. Their local and technical expertise helps us select microfinance institutions for our portfolio that can demonstrate both a social orientation and a sustainable business model.

### The Client Protection Principles of the Smart Campaign

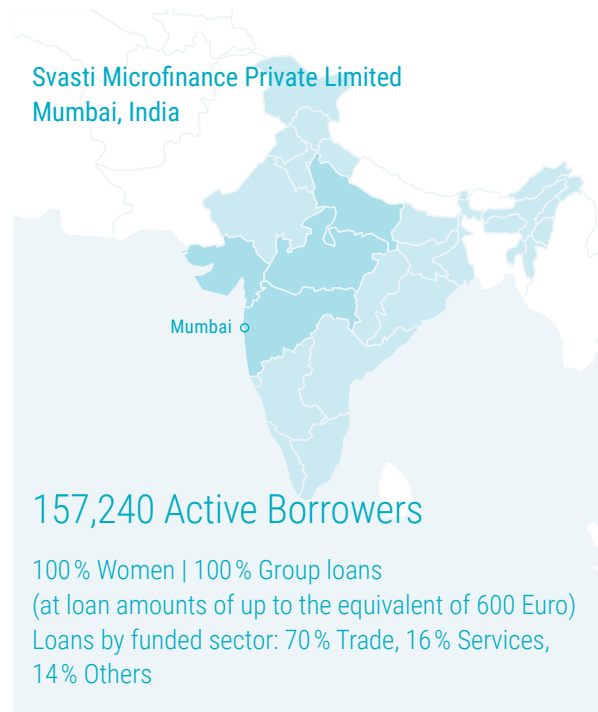


Protecting micro-borrowers from abuse is not only obviously “right” but also “smart”. Everyone involved wins if the customers can legitimately place their trust in the providers of microfinance. With this basic idea, the “Smart Campaign”, a platform founded by leading microfinance providers from all around the world in 2008 worked out principles for customer protection in the field of microfinance. These include the implementation of mechanisms for preventing excessive indebtedness, transparency standards for the granting of loans and the responsible setting of interest rates. The full Client Protection Principles are available under [smartcampaign.org](https://smartcampaign.org).

Svasti Microfinance Private Limited

## A PORTRAIT OF AN INDIAN MICROFINANCE INSTITUTION

India is a growing microfinance market that will be of great importance in the coming years. Invest in Visions refines the Indian microfinance institution Svasti International since last year. This MFI based in Mumbai only grants loans to economically disadvantaged women.



Svasti is active in the four states of Maharashtra, Madhya Pradesh, Gujarat and Uttar Pradesh. The microfinance institution was founded in 2010 and now has 48 branches, 552 employees and over 150,000 borrowers. Svasti offers its customers loans of around 180 US dollars on average. The low average amount of the loans stands for a particularly social orientation. 86 percent of the loans are directly used to finance income-generating activities in the service sector and trade.

Other factors underline the social orientation of the MFI: There are few requirements for documentation. Only the identity of the borrower and the accuracy of the address given need to be verified. Svasti does not require any security from its customers that could be seized on in the event of non-payment. Collateral is only required for larger business loans, which can amount to between 1,250 and 25,000 Euro.

All loans below this threshold are granted as traditional group loans. A group is made up of up to five women between the ages of 18 and 55 who know each other well, live within a kilometer of each other and act as guarantors for each other.

„Svasti has really helped me a lot, to run my general store properly, and to take care of my family.”



Source: Svasti Mikrofinance

**Suraya Abdul Shaikh** lives with her son Ibrahim in a small house in Mumbai and runs a retail store. Suraya never had enough money to buy goods and material for the little shop. Therefore, she turned to various banks, all of whom refused to give her a loan because she could not provide any collateral. Suraya teamed up with four other women and received her first loan of 15,000 rupees (approx. 184 Euro) from Svasti – with few formalities and no collateral. She used this to buy additional goods for her shop. This allowed her to increase the profit margin. After repaying the first loan, she took out additional loans from Svasti, first of 25,000 rupees and then of 40,000 rupees. With these loans she was able to gradually expand her business and secure a better life for her family.

Cambodia

## CUSTOMER PROTECTION FIRMLY IN VIEW — THE MICROFINANCE INSTITUTION AMK

The microfinance market in Cambodia has proven to be problematic over the past year due to market saturation and aggressive lending practices by some microfinance institutions. By mid- 2019, the total volume of the microfinance sector amounted to approximately 8 billion US dollars and around 2.4 million micro-borrowers. The average burden of debt per microcredit was 3,370 US dollar and was the highest in the world in terms of economic output and per capita income.

For this reason, we have been moving towards more selective lending in Cambodia for some time now. We did not grant new loans to certain MFIs and limited our cooperation to those MFIs that are responsibly granting loans and not putting their financial return above the well-being of the customers. The microfinance institution AMK is one example.

With over 380,000 active borrowers, AMK Cambodia has the greatest social reach of all Cambodian microfinance institutions. At the same time, it is the MFI with the lowest average loan amount in the country and thus reaches many low-income people. Our trust in AMK, which was first established in 2003, is also based on exemplary customer protection. This includes an extremely cautious lending practice by the MFI, during which the risk of over-indebtedness of potential borrowers is carefully analyzed to ensure that the borrowers are not driven into a debt trap. This is the only way microfinance can have a positive impact on people.

📄 [A detailed comment on our approach in Cambodia can be found on our website. \(German\)](#)

AMK Cambodia  
Phnom Penh, Cambodia

Phnom Penh

380,872 Active Borrowers

857 US-Dollar average loan amount  
81 % Women | 52 % Group loans

„I started with a 30,000 riels' loan as part of a Group Loan from AMK, to invest in my micro business. Now, I take up individual loans of up to 15,000 USD to expand my business.”



Source: AMK Cambodia

**Heang Saranh** lives with her husband and children in Siem Reap province. She originally sold cooking utensils and earned a small commission. The couple's income was hardly sufficient to support the family. In order to become self-employed and to sell Prahok<sup>1</sup>, Heang received a microloan of 30,000 riel (approx. 6 Euro) from AMK as part of a group loan. Her small business was successful, and she was able to take on larger and larger loans over time. In 2017, she was finally ready to take a big step: she was granted a loan of over 8,000 US dollar from AMK to additionally buy a truck to transport rubble. This business also developed well and with the growing income from her companies she has been able to significantly improve the life of her family.

1. Prahok is a paste made from fermented fish that is widely used in Cambodia.



## Impact Measurement

## OUR SOCIAL OUTREACH

# 36

 Countries

Invest in Visions was invested in 36 different countries at the end of 2019. Investments flowed into countries where the **per-capita income, at an average of 4,299 US dollar**, is well below that of industrialized nations.

 see Diagram on page 16

# 305

 million Euro  
new loans granted in 2019

In 2019, we granted new loans totalling 304.8 million Euros to **microfinance institutions in threshold and developing countries**. This corresponds to an increase of 33 percent compared to the previous year (229 million euros).

# 592,442

  
Borrowers reached

Through our loans, we had supported well over half a million micro and small entrepreneur and their families at the end of last year. Assuming an average household size of four people, this benefited **a total of more than 2 million people**.

# 1,195

 USD  
Average amount of loan  
per borrower

Microloans are intended to support low-income people. However, few microfinance institutions have the ability to measure the poverty level of their customers. The average loan amount per borrower is considered **a representative indicator of the depth of social outreach**. The lower the amount, the poorer the borrower, is the common assumption. This should be treated with caution however, because a small loan can have other reasons, but it gives a rough indication.

# 28%

 Ratio of average loan amount  
to local per-capita income

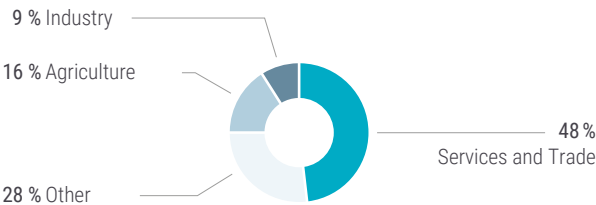
The microfinance institutions that Invest in Visions provides with loans are located in different countries with different income levels. Therefore, it makes sense to set the average loan size in relation to the average per-capita income. The weighted average for the Invest in Visions portfolio is 28.4 percent. This low value stands for the **sustainable social orientation** of the business model of Invest in Visions and the microfinance institutions whom we grant our loans.

1. The microfinance institutions report to us the number of active borrowers in their respective loan portfolios. The number of micro- and small enterprises financed by Invest in Visions results from the proportion that Invest in Visions contributes to the loan portfolios of the respective MFI through investments.

Impact Measurement

OUR CUSTOMERS AT A GLANCE

Supported Activities



The goal of microfinance is “help for self-help”. Therefore, with our loans we especially support the income-generating activities of micro- and small enterprises. The largest part of the portfolio corresponds to the “services and trade” sector with a clear lead over agricultural activities and commercial production.

In the context of financial inclusion, “other” can mean various things: necessary expenditures for housing repairs, medical care, children’s school fees or social obligations such as weddings or funerals.

Borrowers by Gender



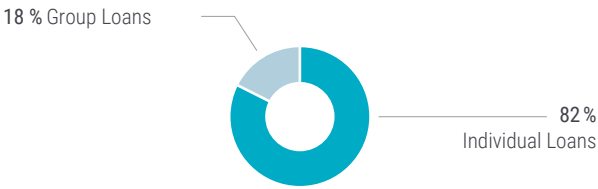
In many of the countries in which we invest, women are disadvantaged – legally, socially and financially. Strengthening the financial position of women also helps to improve their social status. Without discriminating against men, we therefore aim to promote women in a special way. This is reflected in the gender make-up of our end customers, which we weighted and calculated for the entire Invest in Visions portfolio.

Borrowers by Location



In the rural regions of developing countries, poverty is usually structurally rooted. Many inhabitants therefore move to the cities to find work and a livelihood. However, their situation there is often hardly any better. Invest in Visions wishes to help people in both areas – in the countryside and in the cities. The Invest in Visions portfolio is therefore very balanced in terms of the location of the borrowers, with a slight tendency towards rural borrowers.<sup>1</sup>

Lending Methodology



In the early stages of the microfinance movement, group loans in which the various members of the group guarantee for each other, were the norm. This has changed with the spread of microlending in urban areas, where conditions are more anonymous than in rural areas. In addition, group loans mean a higher administrative burden for the MFIs. Although we continue to have MFIs – such as Svas-ti Microfinance (page 20) – in our portfolio that mainly provide group loans, the IIV portfolio reflects the general trend in microfinance towards individual loans.<sup>2</sup>

1. Information is partly based on projections, as data on the location of borrowers was not available for all MFIs.  
 2. Information is partly based on projections

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