In order to assess the Foundation’s social performance, we decided to measure two components:

**PART I – Our portfolio partners’ social performance**

- Using industry tools to measure social performance of our partners
- Benchmarking against global market

**PART II – The fulfilment of our social mission**

- Comparing our results to our social mission statement
- Benchmarking against other funders
Assessment Methodology
The social performance of our partners is evaluated by using the “Universal Standards”.

There is no single formula for successful Social performance Management. However, the industry has recognized a set of core management practices that constitute “strong” SPM.

These practices form the SPTF* Universal Standards for Social Performance Management (“the Universal Standards”).

Developed through broad consultation, the Universal Standards both reflect current practice and push practitioners toward better performance.

* SPTF: Social Performance Task Force
The six dimensions cover 19 globally recognized Standards

**Dimension 1: DEFINE AND MONITOR SOCIAL GOALS**
1a) Social strategy
1b) Reporting of client-level data

**Dimension 2: COMMITMENT TO SOCIAL GOALS**
2a) Board accountability
2b) Senior management accountability
2c) Staff accountability

**Dimension 3: PRODUCTS FOR CLIENTS’ NEED/PREFERENCES**
3a) Clients needs and preferences
3b) Benefits to clients

**Dimension 4: TREAT CLIENTS RESPONSIBLY**
4a) Prevention of over-indebtedness
4b) Transparency
4c) Fair and respectful treatment of clients
4d) Privacy of client data
4e) Mechanisms for complaint resolution

**Dimension 5: TREAT EMPLOYEES RESPONSIBLY**
5a) HR policy
5b) Communication of terms of employment
5c) Employee satisfaction

**Dimension 6: BALANCE FINANCIAL AND SOCIAL PERFORMANCE**
6a) Growth rates
6b) Alignment of objectives
6c) Profits
6d) Compensation
The Social Performance of our partners
GCAMF portfolio partners are above benchmark in all six dimensions

Global SCORE
GCAMF PORTFOLIO : 63%
BENCHMARK : 57%

BENCHMARK:
* Only highest quality audits taken into account (by experienced auditors + 100% complete + include comments to justify scoring).
** Latin America and Europe audits excluded from the sample
Global benchmarks: GCAMF database = 38; CERISE database = 85
Focus

- Dimension 2: Ensure board, management and employee commitment to social goals
- Dimension 4: Treat clients responsibly (client protection)
Our partners show better commitment to social goals at Board, Management and Employees level than their peers.

**Rationale:** An institution’s social strategy is only strong if the Board and all employees understand and uphold it.

**Outperformance especially in Board accountability:** 11% above benchmark

<table>
<thead>
<tr>
<th>Dimension 2: Commitment to social goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>CERISE</td>
</tr>
<tr>
<td>GCA score</td>
</tr>
<tr>
<td>47%</td>
</tr>
<tr>
<td>54%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dimension 2 by Tier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
</tr>
<tr>
<td>61%</td>
</tr>
<tr>
<td>Tier 2</td>
</tr>
<tr>
<td>53%</td>
</tr>
<tr>
<td>Tier 3</td>
</tr>
<tr>
<td>53%</td>
</tr>
</tbody>
</table>

**Standard 2a : Board accountability**

**Standard 2b : Senior Management accountability**

**Standard 2c : Staff accountability**

- CERISE Database (N=85)
- GCAMF Portfolio (N=38)
Our partners protect their clients better than their peers

**Rationale:** Institutions that seek to bring benefits to their clients must ensure that they “do no harm.”

### Dimension 4: Treat clients responsibly

<table>
<thead>
<tr>
<th>Standard</th>
<th>CERISE</th>
<th>GCA score</th>
</tr>
</thead>
<tbody>
<tr>
<td>4a: Prevention of over-indebtedness</td>
<td>60%</td>
<td>69%</td>
</tr>
</tbody>
</table>

### Dimension 4 by Tier

<table>
<thead>
<tr>
<th>Tier</th>
<th>CERISE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>84%</td>
</tr>
<tr>
<td>Tier 2</td>
<td>68%</td>
</tr>
<tr>
<td>Tier 3</td>
<td>64%</td>
</tr>
</tbody>
</table>

### Client Protection by geographic area

<table>
<thead>
<tr>
<th>Area</th>
<th>CERISE</th>
<th>GCAMF Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEA</td>
<td>75%</td>
<td>62%</td>
</tr>
<tr>
<td>West Africa</td>
<td>62%</td>
<td>66%</td>
</tr>
<tr>
<td>East Africa</td>
<td>66%</td>
<td>67%</td>
</tr>
<tr>
<td>MENA</td>
<td>67%</td>
<td></td>
</tr>
</tbody>
</table>

Outperformance especially in Prevention of over-indebtedness: 12% above benchmark
Our partners offer responsible pricing to their clients. We encourage them to lower it further.

<table>
<thead>
<tr>
<th>Our objectives</th>
<th>Our achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce interest rates charged to end clients</td>
<td>• Interest level to end clients is a social selection criteria in all investment decisions&lt;br&gt;• 39% of our partners with a difference between interest rate charged and cost of funding below 20%. 69% below 30%&lt;br&gt;• Partners with a differential of &gt;30% mostly based in East Africa (Kenya, Zambia, Uganda, Malawi)</td>
</tr>
<tr>
<td>Favor MFIs who work on lowering interest rates charged</td>
<td></td>
</tr>
</tbody>
</table>

**APR – highest borrowing rate**

- 39% <20%
- 31% >30%
- 30% 20%≤ APR-highest borrowing rate ≤30%
SOCIAL PERFORMANCE MANAGEMENT

- Key strengths
- Areas for improvement
Our key strengths: Sub-Saharan Africa, Asia and small size MFIs

DIM 1: DEFINE AND MONITOR SOCIAL GOALS
DIM 2: COMMITMENT TO SOCIAL GOALS
DIM 3: PRODUCTS THAT MEET CLIENTS’ NEEDS AND PREFERENCES
DIM 4: TREAT CLIENTS RESPONSIBLY
DIM 5: TREAT EMPLOYEES RESPONSIBLY
DIM 6: BALANCE FINANCIAL AND SOCIAL PERFORMANCE

GCAMF vs benchmark by region: Sub-Saharan Africa

GCAMF vs benchmark by region: Asia

Our achievements

• Strong ALINUS score for Africa
• 5 out of 6 dimensions above benchmark.
• Well above for Dimension 1: Our partners have a clear social strategy and properly measure these social goals.

• ALINUS score for GCAMF portfolio in Asia above benchmark for all dimensions.
• Strong over-performance on staff (5) and client protection (4)

• Tier 3 partners of GCAMF Portfolio are well above the benchmark.
• Our Tier 3 partners are in particular highly committed to social goals and their Boards, management and staff are aligned with these goals

GCAMF vs benchmark by size: Tier 3 MFI – 0<GLP<10M
Our areas for improvement: West Africa, social goals in Tier 1 and 2

*****

**Areas for improvement**

- Performance of Sub-Saharan Africa is due to East Africa.
- West Africa below benchmark for dimension 2 (governance), 3 (product adaption) and 6 (balancing financial and social objectives).
- Tier 2 partners’ social performance globally just at benchmark
- Tier 1 partners globally at or below benchmark
- Main area for improvement is defining and monitoring of Social Goals
SOCIAL MISSION

Our fulfilment
Our social mission statement

Articles of association - Art. 2

« The object of the Foundation is to participate in the fight against global poverty, by the development and encouragement of micro-credit initiatives and social business projects and by the provision of financial and technical support for microfinance institutions in developing or emerging countries.

The Foundation will carry out its object either directly or through subsidiaries created in the form of companies, investment funds or any other entity under its control.

The Foundation may do anything directly or indirectly connected with its object. »
Our social mission statement

Promote **inclusive and responsible finance**

Our Credo: **economic development** contributes to **social welfare**.

Our priorities: **promotion of human development**, respectful to the environment, **women** economic advancement and **rural areas**

Geographical focus on **Africa**

Grameen Credit Agricole Microfinance Foundation

MFIs

End clients

Debt
Equity
Technical Assistance

Financial inclusion
A geographic presence in line with our objectives of focusing on Sub-Saharan Africa and poor countries

<table>
<thead>
<tr>
<th>Our objectives</th>
<th>Our achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus: Sub-Saharan Africa (SSA)</td>
<td>Highest amount of commitments in SSA: 41%</td>
</tr>
<tr>
<td>Focus: Poorest countries</td>
<td>About half of our MFI partners and commitments in Least Developed Countries (LDCs) *</td>
</tr>
</tbody>
</table>

**Portfolio in Least Developed Countries**

- **Benin**: 3%
- **Zambia**: 1%
- **Burkina Faso**: 9%
- **Cameroon**: 19%
- **DRC**: 3%
- **Senegal**: 5%
- **Malawi**: 0.5%
- **Togo**: 1%
- **Uganda**: 8%
- **Timor-Leste**: 0.1%

48% of total commitments

**Portfolio by area**

- **South America & Caribbean**: 30%
- **South East Asia**: 39%
- **Sub-Saharan Africa**: 41%
- **Europe Central Asia**: 13%
- **MENA**: 7%

* LDC: Least Developed Countries (LDC): Countries that, according to the United Nations, exhibit the lowest indicators of socioeconomic development, with the worldwide lowest HDI (Human Development Index).

** 2016 Symbiotics MIV Survey to benchmark GCAMF portfolio. This survey offers a benchmark comprised of 93 MIVs.

***Gross commitments Microfinance portfolio include Equity of Chamroeun and ACAD, which are two MFIs.
By financing and supporting small rural MFIs with limited access to funders, we enhance financial inclusion in remote areas.

**Our objectives**
- Focus: Rural MFI partners

**Our achievements**
- GCAMF presence mostly in Africa
- Rural MFIs in Africa mostly of small size
- -> 1/3rd of GCAMF portfolio serves Tier 3 MFIs whereas MIV (Investment Funds) dedicate on average 6% of their portfolio to Tier 3 MFIs

**GCAMF Portfolio by size and area**
- Tier 1: EUR 5.5m
- Tier 2: EUR 8.1m
- Tier 3: EUR 8.2m
- Tier 1: EUR 3.5m

**Average GLP of financed MFIs**
- South East Asia: 76m
- Sub-Saharan Africa: 85m
- Europe Central Asia: 79m
- MENA: 78m

**GCAMF**
- Tier 1: 35%
- Tier 2: 32%
- Tier 3: 33%

**MIV benchmark**
- Tier 1: 58%
- Tier 2: 36%
- Tier 3: 6%

* Data: Q3 2016
* MIV Benchmark: Symbiotics - GLP > 100m USD: Tier 1 / 10m USD <GLP< 100m USD: Tier 2 / GLP< 10m USD : Tier 3
Our end clients are mostly women, in rural areas and likely to be poor or with low income.

<table>
<thead>
<tr>
<th>Our objectives</th>
<th>Our achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prioritize MFIs targeting poor and vulnerable clients</td>
<td>• Average loan size by borrower well below industry average (for partners in SSA and ECA)</td>
</tr>
<tr>
<td></td>
<td>• 64% of our partners evaluate client poverty level with PPI (Progress out of Poverty Index) methodology</td>
</tr>
<tr>
<td>Focus on women and rural populations</td>
<td>% of rural and women population above industry average</td>
</tr>
</tbody>
</table>

**Proportion of rural clients**

- **Sub-Saharan Africa**
  - GCAMF Portfolio: 68%
  - Mix market benchmark (2014): 59%
- **South East Asia**
  - GCAMF Portfolio: 87%
  - Mix market benchmark (2014): 63%
- **Europe Central Asia**
  - GCAMF Portfolio: 69%
  - Mix market benchmark (2014): 58%
- **MENA**
  - GCAMF Portfolio: 19%
  - Mix market benchmark (2014): 43%

**Proportion of women clients**

- **Sub-Saharan Africa**
  - GCAMF portfolio: 77%
  - Mix market benchmark (2014): 75%
- **South East Asia**
  - GCAMF portfolio: 89%
  - Mix market benchmark (2014): 89%
- **Europe Central Asia**
  - GCAMF Portfolio: 42%
  - Mix market benchmark (2014): 44%
- **MENA**
  - GCAMF Portfolio: 81%
  - Mix market benchmark (2014): 60%

**Average loan balance of our MFI Partners in USD**

- **Sub-Saharan Africa**
  - GCAMF Portfolio: 438 USD
  - Mix market benchmark (2014): 1274 USD
- **South East Asia**
  - GCAMF Portfolio: 495 USD
  - Mix market benchmark (2014): 267 USD
- **Europe Central Asia**
  - GCAMF Portfolio: 808 USD
  - Mix market benchmark (2014): 2659 USD
- **MENA**
  - GCAMF Portfolio: 1011 USD
  - Mix market benchmark (2014): 471 USD
The Foundation protects its MFI partners and their end clients by offering local currency funding

<table>
<thead>
<tr>
<th>Our objectives</th>
<th>Our achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offer adapted products to our investees</td>
<td>77% of our funding is provided in local currencies</td>
</tr>
</tbody>
</table>

**GCAMF Commitments by currency**

- XOF: 20%
- USD: 10%
- KES: 5%
- IDR: 5%
- KHR: 5%
- LKR: 5%
- UGX: 5%
- JOD: 2%
- Other local currencies: 40%

**Local currency funding**

- GCAMF Portfolio: 77%
- MIV Benchmark: 70%
  - Local Currency: 30%
  - Strong Currency: 23%

*Gross commitments Microfinance portfolio include Equity of Chamroeun and ACAD*
Stable financial performance for GCAMF portfolio – but higher counterparty risk in Africa where our partners are economically more fragile

Our objectives

- Professional risk management and financial performance evaluation
- Sustainable, stable financial performance of our portfolio

Our achievements

- Quarterly evaluation of financial performance of portfolio partners
- Stable quarterly evolution in 2016

Only 0.78% loss ratio of portfolio since inception in 2008

Financial Performance Indicator (FPI) weighted by commitments:
- 25% Debt / Equity
- 25% PAR 30 + R + wo
- 25% Risk Coverage Ratio, RCR
- 25% Operational Self-Sufficiency

### Financial Performance Indicator (FPI) Evolution 2016

<table>
<thead>
<tr>
<th>Region</th>
<th>FPI as of Q2 2016</th>
<th>FPI as of Q3 2016</th>
<th>FPI as of Q4 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEA</td>
<td>3.16</td>
<td>3.03</td>
<td>2.94</td>
</tr>
<tr>
<td>ECA</td>
<td>3.19</td>
<td>3.02</td>
<td>3.05</td>
</tr>
<tr>
<td>West Africa</td>
<td>1.87</td>
<td>1.93</td>
<td>2.26</td>
</tr>
<tr>
<td>East Africa</td>
<td>2.26</td>
<td>2.42</td>
<td>2.37</td>
</tr>
<tr>
<td>MENA</td>
<td>3.41</td>
<td>3.68</td>
<td>3.87</td>
</tr>
<tr>
<td>Total</td>
<td>3.03</td>
<td>2.76</td>
<td>2.76</td>
</tr>
</tbody>
</table>

**SEA**

**ECA**

**West Africa**

**East Africa**

**MENA**

**Total**
Therefore, we support these partners by improving their resilience through Technical Assistance.

Among the 14 partners who received support from the Foundation in 2015:

- 73% considered the offer adapted to their needs (2014: 63%)
- 86% of our partners considered the delay between the technical assistance request and the beginning of the mission satisfactory or highly satisfactory (2014: 88%)

GCA Satisfaction Survey on Microfinance Activities (2015)

Adapted and sustainable offer to our MFIs
In a nutshell
In an nutshell

### SOCIAL PERFORMANCE OF OUR PARTNERS

<table>
<thead>
<tr>
<th>Dimension</th>
<th>GCAMF vs BENCHMARK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimension 1 – Define and monitor social goals</td>
<td>+</td>
</tr>
<tr>
<td>Dimension 2 – Ensure board, management, and employees commitment to social goals</td>
<td>+</td>
</tr>
<tr>
<td>Dimension 3 – Design products, services, delivery models and channels that meet clients’ needs and preferences</td>
<td>+</td>
</tr>
<tr>
<td>Dimension 4 – Treat clients responsibly</td>
<td>+</td>
</tr>
<tr>
<td>Dimension 5 - Treat staff responsibly</td>
<td>+</td>
</tr>
<tr>
<td>Dimension 6 – Balance social and financial performances</td>
<td>+</td>
</tr>
<tr>
<td>Prevention of over-indebtedness</td>
<td>+</td>
</tr>
<tr>
<td>Social performance of Tier 3 partners</td>
<td>+</td>
</tr>
<tr>
<td>Social performance of Tier 1 partners</td>
<td>-</td>
</tr>
</tbody>
</table>

### FULFILMENT OF OUR SOCIAL MISSION

<table>
<thead>
<tr>
<th>Fulfillment</th>
<th>GCAMF vs BENCHMARK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partners in Africa and poor countries</td>
<td>+</td>
</tr>
<tr>
<td>Partners in rural areas</td>
<td>+</td>
</tr>
<tr>
<td>Rural borrowers</td>
<td>+</td>
</tr>
<tr>
<td>Women borrowers</td>
<td>+</td>
</tr>
<tr>
<td>Funding in local currency</td>
<td>+</td>
</tr>
<tr>
<td>Offer Technical Assistance</td>
<td>+</td>
</tr>
</tbody>
</table>
Keep the momentum and strengthen our social performance requirements

**Social Performance Management**

- **Strengthen our partner selection** based on social performance through the implementation of social covenants and performance targets

<table>
<thead>
<tr>
<th>Global Social Performance score (All six dimensions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• TIER 1 &gt; 50%</td>
</tr>
<tr>
<td>• TIER 2 &gt; 45%</td>
</tr>
<tr>
<td>• TIER 3 &gt; 40%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Client Protection score (dimension 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• TIER 1 &gt; 70%</td>
</tr>
<tr>
<td>• TIER 2 &gt; 60%</td>
</tr>
<tr>
<td>• TIER 3 &gt; 50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Prevention of over-indebtedness</th>
</tr>
</thead>
<tbody>
<tr>
<td>• TIER 1 &gt; 70%</td>
</tr>
<tr>
<td>• TIER 2 &gt; 50%</td>
</tr>
<tr>
<td>• TIER 3 &gt; 50%</td>
</tr>
</tbody>
</table>

- **Monitor the poverty level** of our partners’ clients and their social outcomes
- **Offer Technical Assistance** missions to reinforce social performance

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**End clients focus**

- Introduce specific **funding products for agriculture**
- Focus on **vulnerable clients**, such as **refugees** (project in partnership with the UNHCR)