BIO, a Belgian tool for support to the private sector, particularly the SMEs, in developing countries
# Table of contents

Message from Mr. Alexander De Croo, Minister for Development Cooperation  
Message of BIO’s CEO  
Team BIO  

1. **BIO in 2014**  
   - Investment Strategy 2014-2018  
   - Environmental and Social Management System  
   - Portfolio overview  
   - Development impact  
   - Investment overview 2014  
   - BIO’s presence in the world and highlights of projects signed in 2014  

2. **“Challenges to SME growth & development”**  
   - Finance: “Access to finance” - *Story: FPM Congo* - *Story: KF Bioplants - India*  
   - Capacity building - *Story: Sembrar Sartawi – Bolivia*  
   - Infrastructure contributing to SME development - *Story: Summit – Bangladesh*  

3. **Impact of our investments: results of an evaluation**  
   - Ex Post evaluation of 5 BIO projects in Senegal  
   - Findings  
   - Conclusions  

4. **Financial report**
Our mission
To support a strong private sector in developing and/or emerging countries, to enable them to gain access to growth and sustainable development with the aim to achieving the Millennium Development Goals.

**bio**
supports SMEs through

- **Partnership** with local entrepreneurs as well as other development actors
- **Catalyst** of growth and sustainable development
- **Investments** providing financial means for SMEs
- **Capacity-building** providing training, advice and expertise for sustainable growth
Sustainable development is impossible without a resilient private sector. In the coming years, the Belgian Development Cooperation will be resolutely focusing on sustainable and inclusive economic growth as one of its priorities. Alongside an approach revolving around human rights in the broadest sense, the focus on sustainable economic growth for the benefit of everyone is one of the two main strands of Belgium’s new development policy.

The benefits of economic growth in developing countries are still too often inequitably distributed among the population. The goal must be to achieve balanced economic growth, with a special focus put on the well-being of the population and on protecting the planet for the benefit of future generations.

Developing the private sector is the main driver of sustainable and inclusive growth, as it is responsible for almost 90% of employment in developing countries. To achieve real inclusion, the jobs created should be decent and productive. To develop, the private sector needs a favourable environment. First and foremost this means an environment which is safe and free of conflict. But it must also be sufficiently business-friendly, offering a stable fiscal system and incentives for sustainable growth. In many countries in which Belgium is active, this remains a major challenge.

BIO is the Belgian development cooperation instrument par excellence for supporting the private sector in developing countries. Its main objective is to finance micro, small and medium-sized enterprises. BIO’s role and relevance as a development player have been confirmed by two recent audits (August 2012 and June 2014) carried out by an independent company at the request of the Special Evaluation Office. Its mission also matches the vision mapped by multilateral European and global cooperation players.

Furthermore, BIO’s intervention framework is now governed by a management contract which came
into effect in April 2014. This provides for a more formal integration within Belgian development cooperation and the development of synergies with other development cooperation players within an integrated policy. A further direct consequence is the long-term planning of BIO’s financing through the State, providing greater visibility and stability.

The increasing role of the private sector

Sustainable development is development which makes itself redundant over time. Obviously, we are still far from achieving this, meaning that recourse to an institution such as BIO remains essential. At the same time we have to be realistic. The resources made available by countries like Belgium are not enough to meet the identified needs, which are much greater – as are the opportunities! I am thus convinced that BIO will be able to fulfil its mission even better through attracting more private funding, thereby creating a win-win situation in which we step up our efforts in developing countries while also involving companies and investors in the field of development. In my view, this is one of the key challenges facing BIO in the short and medium term.

Alexander De Croo
Deputy Prime Minister and Minister of Development Cooperation

BIO is the Belgian development cooperation instrument par excellence for supporting the private sector in developing countries

Alexander De Croo
Economic development powered by SMEs

Imagine you are a small company somewhere around the equator, buying produce from small farmers that you process and export. Your business is doing well, farmers would like to sell more to you and market demand for your processed products is strong. Expanding your business would increase the revenues of the farmers and their families, it would create more jobs in your factories, it would generate more tax income for your country – and of course it should generate more profit for your company. But there’s one main obstacle for growing your business: lack of capital.

There are thousands and thousands of small- and medium-sized enterprises (SMEs) across Africa, Asia and Latin-America in similar situations, all poised for further contributing to the economic development of their regions and countries, but lacking the finances to capitalize on their opportunities.

They are the companies that BIO seeks to help. Sometimes directly, by offering them long-term loans with long grace periods to enable them to achieve their growth before having to start replacing us. Like the company in Uganda that with BIO financing can switch from importing electrical transformers to producing them itself. Or Kf Bio plants in India that with a BIO loan can expand its production of seedlings, both for the domestic and export markets. Both are examples of loans we approved in 2014.

Indirect lending

As it is often more cost-efficient and effective to help SMEs indirectly, BIO often finances local and regional banks and funds that in turn provide equity and loans to SMEs. With their local teams, they have intensive contacts with their client companies, and can provide immediate and hands-on support when problems arise. For example, in 2014 BIO provided a 4 million US$ senior loan to
Bancop, a cooperative bank in Paraguay. Thanks to BIO’s financial injection, Bancop can provide business loans to its over 26,000 farmer members.

BIO’s specialty is providing financing that the mainstream financial institutions shrink away from. For example to the SME program of the Bank of Africa branch in Goma. Goma is the capital of Kivu, the Congolese province bordering Rwanda and Kenya that for 20 years was the scene of an ugly civil war. As this has since died down, SMEs are popping up all over the region ready to power its economic recovery, but in dire need of banks to finance their businesses. Therefore, with a 4 million US$ loan BIO enabled the BoA Goma branch to launch an SME lending facility. Obviously it’s a high-risk venture, but until now its success has been amazing. Within a year, the facility provided 256 loans averaging 36,000 US$ to small factories, transport and logistics companies and healthcare institutions.

**Leasing**

MSMEs’ generally very low capitalization may prohibit providing substantial loans, meaning that other forms of financing must be found. One of these is leasing: instead of providing loans for the purchase of costly equipment - machinery, tractors, trucks etc. – such equipment is leased to SMEs for monthly fee; often with the option for the SME to purchase the equipment at the end of the leasing period at a modest price. As leasing enables SMEs to expand their business without having to worry about finding the money for it, financing leasing companies is an interesting way for us to support SMEs. We currently have 10 such companies in our portfolio, for example Arrend in Guatemala that leases vehicles and machinery to almost 1,000 small business.

And then there are numerous SMEs in developing countries that are helped best not by providing capital, but by improvements to the infrastructure that they depend on, such as access to electricity and ICT, or trains and roads. Therefore, we are focusing our infrastructure loans on projects directly beneficial to SMEs. For example, last year we invested in a hydropower dam in Nepal, with a capacity of 82 MW, that will provide electricity to an estimated 3 million people and create more than 1,000 direct jobs. Another example is our investment in the construction of mobile telephone towers in remote regions in Congo, that will for...

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Luuk Zonneveld congratulates Philemon Kivuvu Musul, winner of the Prize for Corporate Governance in DRC 2014
the first time ever enable entrepreneurs in these areas to use smartphones and access the internet.

Two major steps in 2014 to enhance our MSME support merit special mention. One is the introduction of comprehensive guidelines and procedures regarding the environmental and social aspects of our clients and their projects. They will help them – and us - to mitigate negative impacts and to improve performance on social and environmental issues.

The other is our collaboration with the King Baudouin Foundation to award a Prize every two years to a Congolese company demonstrating excellence in corporate governance. In October, almost 200 people participated in a seminar we organized with the Foundation to celebrate the award-winner and discuss challenges and options to promote SME development.

This year has also taught us some valuable lessons about the risks in our line of business. For example, the prospect sustainably improving the food security of thousands of people prompted to invest in an agribusiness project. But a failed harvest and lack of knowledge of a specific region put the project in danger, and showed once again that agribusiness is a challenging sector. Quick reaction, close monitoring and flexibility (for example allowing the business to downsize, accompanying the client business in changing its products) were key to the salvation of the project and its positive impact on people.

There is no miracle solution to supporting SMEs in Africa, Asia and Latin America to realize their full potential in powering the economic development of their communities and regions. As one of the few sizeable investors with a strategic focus on these companies, we are partner to their success and will continue to show the way for other investors to follow suit.

Luuk Zonneveld
CEO BIO N.V.
In 2014, human resource management focused on implementing a new organizational structure, built around three pillars: Investment; Monitoring and Risk Management; and Administration and Finance. Henceforth the company is managed by an Executive Committee, made up of the CEO and Chiefs of each department.

The chiefs receive support from team coordinators, who have been given an additional supervisory and coordinating role on top of their existing role as senior specialists in their specific competence area. This adapted organizational structure promotes teamwork and knowledge sharing. It is in line with modern, empowering and progressive management styles.

At the end of 2014, the number of staff employed at BIO amounted to 43 from 7 different nationalities.

7% growth in net commitments

125 outstanding projects in 40 countries

EUR 116 million in 26 new approved commitments
Investment Strategy 2015 – 2018

In December 2014, the board of directors of BIO approved the new investment strategy 2015 – 2018, in line with the Management Contract signed with the Belgian State in April 2014. The Investment Strategy strongly focuses on micro-, small and medium-sized enterprises, specifically targeting those that cannot access commercial financing.

BIO reaches MSMEs either directly through financing SMEs and infrastructure or indirectly through financing financial institutions, such as microfinance institutions, local banks and leasing companies, or investment funds that target MSMEs.

The strategy defines five key sectors BIO will focus its investments on:
- Financial sector, focusing on financial inclusion to overcome poverty. In this respect, microfinance will play an important role, as well as the financial institutions specifically targeting small enterprises.
- Agriculture, with a special focus on increasing productivity and processing, and on ensuring food security.
- Energy, with a special focus on sustainable and renewable energy.
- Infrastructure, prioritising irrigation, telecommunications and transport
- Basic services to the population such as health, water, education and housing.

In its direct investments in medium-sized enterprises, BIO will centre its activities on creating or supporting companies with the potential to become leaders and play a structuring role in their market. With the aim of maximising its efficiency through concentrating its field of activity on a lim-
BIO has decided to focus its investments in 52 eligible countries in Africa, Asia and Latin America.

Environmental and Social Management System

In 2014 BIO developed and implemented an Environmental and Social Management System (ESMS) as part of the network of European development finance institutions (EDFI) sustainable development framework.

The main purpose of the ESMS is to provide a guideline on how BIO will manage E&S matters within its portfolio of investment activities. The ESMS provides a framework to mitigate any negative impacts of BIO investments and promote positive aspects.

Based on benchmarks and standards such as the UN Declaration of Human Rights, ILO Core Conventions, IFC Performance Standards on Economic and Social Sustainability and associated Environmental and Health & Safety Guidelines, the ESMS consists of a complete set of policies, procedures, tools and guidelines for categorizing, assessing and monitoring the environmental and social performance of all potential beneficiaries of BIO’s investment activities.

With this implementation, BIO undertakes to:

- support the private sector in developing/emerging countries to enable growth, and promote employment creation and sustainable development.
- have a positive impact on the local communities where it invests, promoting sustainable and decent employment by respecting human rights and the environment.
- support the beneficiary companies in playing a vital part in development: employ and train people, pay taxes, and build and operate infrastructure and services.

FIRST FINANCE, CAMBODIA
MICROFINANCE INSTITUTION PROVIDING HOUSING FOR LOW-INCOME FAMILIES

BIO’S INVESTMENT: USD 1 MILLION, SENIOR LOAN, 2014

TO FINANCE HOUSING PROJECTS WITH A TOTAL BUILDING COST PER UNIT UP TO AN AMOUNT OF USD 80,000 TO ENSURE THAT THE FINANCING WILL BE TARGETED TO THE LOW-INCOME POPULATION OF CAMBODIA.
2014 in numbers

Five years in review (in million EUR)

Figures at a glance in 2010 - 2014 (Mio €)

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<tr>
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<td>41</td>
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Net commitments (Mio €)

New commitments 2014

Geographical spread
- 26 projects
  - 13% LAC (2 projects)
  - 37% Asia (7 projects)
  - 5% Other (1 project)

Sector spread
- 115,920 k€ amount
- 46% Financial sector (15 projects)
- 28% Infrastructure (4 projects)
- 11% Enterprises (4 projects)
- 14% Funds (3 projects)
- 45% Africa (16 projects)
- 5% Other (1 project)
Development impact

Importance of the SME sector in developing countries:

- Approximately 20% of GDP
- Approximately 35% of employment

Estimates show that projects approved in 2014 will contribute to:

1. Creating or maintaining
   - ± 17,000 direct jobs
   - ± 70,000 indirect jobs

2. Creating access to energy, thanks to investments in renewable energy, for
   ± 1.2 million people

3. Generating government revenues thanks to direct investments in SMEs and infrastructure
   ± EUR 2.3 million
**Investment overview 2014**

**Approved projects in 2014**

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<th>Region</th>
<th>Country</th>
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<td><strong>TOTAL</strong></td>
<td></td>
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BIO’s presence in the world and highlight projects signed in 2014

Exportadora Atlantic
Coffee producing company, power plant

Country: Nicaragua
Feasibility study grant: USD 42,000
Development impacts:
- Contribute to Nicaragua’s energy independence
- Reduce carbon emissions
- Create employment
- Strengthen value chain

Banco para la Produccion y Comercializacion (Bancop)
Commercial bank owned by cooperatives, mainly agricultural and livestock farmers

Country: Paraguay
Senior loan: of USD 4 million to grow the bank’s portfolio of SMEs and rural producers
Development impacts:
- Direct and indirect job creation
- Diversification of the financial sector and credit allocation in the rural sector
- Improve financial inclusion for smallholder cooperatives

Fundación para el Desarrollo Local
Microfinance Institution providing financing to low-income rural entrepreneurs, as well as technical assistance programs

Country: Nicaragua
Senior loan: USD 1 million to finance growth of rural entrepreneurial financing
Technical assistance: USD 77,000
Development impacts:
- Improve access to financing for rural micro-entrepreneurs and small farmers
- Stimulate economic growth
- Job creation in rural areas
**Oragroup– West & Central Africa**
Holding of commercial banks in 6 Western and Central African countries

*Country:* West & Central Africa  
*Senior Loan:* EUR 15 million (renewal commitment)  
*Development impacts:*  
- Expanding and professionalizing an underdeveloped local financial sector  
- Emergence of a universal commercial regional banking group managed in a professional way  
- Significant increase in the quantity and quality of banking products offered to the local population and businesses (retail, SMEs and corporates)  
- Creation of assets and jobs

**AREF**  
Infrastructure Fund for Renewable Energy in least developed and low-income countries in Africa

*Multiregional:* Africa  
*Equity:* USD 10 million  
*Development impacts:*  
- Access to energy  
- Demonstration effect to attract private investors  
- Develop skills

**Annapurna Microfinance Private Limited**  
Microfinance institution targeting women micro-entrepreneurs, mainly in rural areas

*Country:* India  
*Equity:* EUR 3 million  
*Development impacts:*  
- Create access to finance for women micro-entrepreneurs in rural areas  
- Job creation in 2 of the poorest states of India

**First Finance**  
Microfinance institution providing housing for low-income families

*Country:* Cambodia  
*Senior loan:* USD 1 million  
*Development impacts:*  
- Support economic stability for low-income families  
- Support housing for low-income families

**KF Bioplants**  
Agricultural biotech company with mainly female workers

*Country:* India  
*Senior loan:* € 2.1 million  
*Development impacts:*  
- Job creation, especially low-educated women  
- Promoting good working conditions  
- Technical assistance for smallholders
Introduction

Micro, small and medium-sized enterprises are primary drivers of GDP growth and job creation in much of the developing world. Although there is no generally accepted SME definition and definitions differ substantially between countries – making it hard to obtain reliable and comparable numbers – it is estimated that across the developing world the formal SME sector accounts for between 15 and 20% of GDP and between 30 and 40% of employment. Given that many small and micro-enterprises in developing countries are informal, the total contribution of the MSME (micro, small and medium-sized enterprises) sector to GDP and employment is surely substantially higher. It thus comes as no surprise that fostering
an economic environment advantageous to SME growth is increasingly seen as an economic policy priority in many developing countries.

Entrepreneurs in developing countries wishing to grow their business are indeed faced with many challenges and, to succeed as an entrepreneur, commitment and perseverance is of the essence. Whereas in a country like Belgium, there is a relatively stable legal and regulatory environment, good infrastructure and a range of banks catering to SMEs, conditions are very different in developing countries. The regulatory environment is weak and often not very conducive to doing business, infrastructure is often in a pitiful state and finding external financing is often a battle. In addition to these external constraints, constraints also exist on the SME side. Accounting, financial and risk management and governance practices are not always up to standard and may impede business growth as well.

Whereas the above-mentioned constraints tend to limit growth for companies of all sizes, they typically apply more to SMEs than large companies. Comparatively speaking, it is easier for large companies to access capital, recruit skilled labor and find ways to alleviate weaknesses of infrastructure and the regulatory environment. That is why BIO is focusing so strongly on the development of the SME sector. On the next few pages, we give examples of how BIO – through its financing and other activities – supports SME entrepreneurs in their attempts to develop their businesses.
Access to finance

In order for SMEs to develop and sustain their impacts on economic development, they need access to financial services. This access has historically been severely constrained. Traditionally, banks in developing countries have focused on large enterprises and retail services but have shunned away from the SME segment, mainly because of the perceived high risks of SME credit (due to information asymmetries and the lack of collateral) and the high costs associated with these smaller transactions. Whereas microfinance has emerged as a solution to meet the financial needs of micro-enterprises and large enterprises can turn to commercial banks, SMEs have fallen in between these two markets, earning the SME segment the name of the ‘missing middle’.

In recent years, an increasing number of financial institutions in developing countries have started venturing into the SME market, thereby raising awareness that providing banking services to SMEs in a profitable way is possible – though certainly not easy. Successfully providing financial services to SMEs requires hard work: a thorough understanding of the needs and preferences of SMEs is required and the development of specific products, targeted marketing strategies, risk management tools and monitoring procedures is essential.

Many of BIO’s investments in financial institutions – banks, private equity funds, leasing companies, etc. – are aimed at further developing access to financial services for SMEs. BIO targets financial institutions that have dedicated SME strategies – either established or nascent – and helps them to further grow their SME capacity and portfolio. Not only through its work with financial institutions does BIO try to reduce the financing gap for SMEs. BIO’s direct financing of enterprises as well is directed mainly to SMEs.
FPM SA
fonds pour l’inclusion financière en RDC

Fonds pour l’Inclusion Financière en RDC (FPM SA) was launched in 2014 to provide long-term financing to financial institutions targeting MSMEs in the Democratic Republic of the Congo (DRC). Most Congolese MSMEs do not have access to financial services in general and financing in particular: local banks are still giving priority to larger corporate clients. As a result, most MSMEs develop slowly and remain in the informal sector. FPM SA aims at supporting the development of financial institutions active in microfinance (from microfinance banks to savings cooperatives), as well as local commercial banks who are downscaling and have initiated specific financing programs targeting SMEs.

FPM’s financing has an important trickle-down effect: the long-term loans to be provided by FPM SA will allow institutions to secure and increase their visibility and stability in terms of funding. These institutions will then be in a position to support the projects of their MSME clients on a longer term than currently feasible. On the other hand, by granting loans to the local and international microfinance institutions, it will help the poorest populations to obtain access to basic financial services, also in rural areas. By granting loans earmarked for SMEs to the larger banks, it will incentivize these institutions to start working with non-formalised SMEs, thereby improving their access to long-term financing.

FPM SA is a spin-off of FPM ASBL, a non-profit association providing capacity building to the financial sector in DRC that was created at the end of 2011. FPM ASBL provides capacity building both to reinforce weaker microfinance institutions as well as to larger banks to incentivise them to downscale to SMEs. By combining this capacity building with long-term financing, FPM SA will reach out to the so-called “missing middle”, the SMEs that typically lack access to financing, largely hampering their development and growth.

FACTS & FIGURES:

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<th>Financing vehicle for MFIs and MSME banks in DRC</th>
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</table>
KF Bioplants

KF Bioplants (KFB) is an agri-biotech company that has been propagating ornamental flowering plants, fruit plants, forestry plants & vegetable seedlings in India since 1997. KFB propagates numerous floricultural and ornamental plants for export and domestic markets. In India, KFB targets small and medium growers and currently has approximately 4,000 clients. In an effort to help Indian farmers achieve better quality of crops, KFB provides free technical backup for plants that it supplies. This includes extensive information and advice on irrigation, the use of fertilizers, pest control and climatic conditions related to the particular crop. The KFB technical team makes frequent visits at various critical stages. The visits are backed up by written reports so that growers and KFB can follow the activities. This is the real essence of the services: by helping the clients to improve their production standards, the majority of them succeed in their venture and keep growing.

Propagation is a labor-intensive activity usually carried out by women. About 85% of the more than 750 people working at KFB are poorly educated women. KFB provides these women with good working conditions, leading to a higher social status in a society where women suffer from systematic discrimination.

KFB is a successful company struggling to meet domestic market demand for its products. The demand for flower plants has gone up by almost 30-35% in India due to the huge consumption of Gerbera flowers for every occasion year round. In order to meet domestic demand, KFB needs to build an additional laboratory. The new facility
will create additional employment opportunities; to man the new facility over 200 new jobs will be created. Moreover, hundreds of additional jobs will be created indirectly at client smallholders where currently an estimated 30,000 people are employed.

As with many companies in India, KFB faced the difficulty of obtaining financing to build this new facility. The shortage of long-term capital in India is a key constraint to the growth of businesses. BIO is providing the necessary financing which is hardly available through local financing on acceptable terms and for the necessary amounts.

**FACTS & FIGURES:**

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year signed</td>
<td>2014</td>
</tr>
<tr>
<td>Amount</td>
<td>EUR 2.1 million</td>
</tr>
<tr>
<td>Instrument</td>
<td>Debt (senior loan)</td>
</tr>
<tr>
<td>Type</td>
<td>Enterprise</td>
</tr>
<tr>
<td>Jobs created</td>
<td>235 direct jobs</td>
</tr>
<tr>
<td>Social impact</td>
<td>Promotion of good working conditions</td>
</tr>
<tr>
<td>Domestic Outreach</td>
<td>4,000 local smallholders; 30,000 indirect jobs</td>
</tr>
</tbody>
</table>
Capacity building

Access to finance is certainly a major, but not the only obstacle to SME growth. In addition to finance, capacity as well may be an impediment to sustainable SME growth. Capacity is appropriately in this context – a term that covers a wide range of areas. Technical capacity, market knowledge, accounting know-how, financial and investment planning and risk management are all important capabilities to successfully manage and grow a business. It is not uncommon for SMEs in the developing world to lack capacity in some of these areas and, for an investor wishing to support SMEs in growth, it is important to understand and identify the potential bottlenecks.

Through its MSME Fund, a facility that provides subsidies to potential and existing clients, BIO supports SMEs in further developing their technical and management capacity. Similarly, many financial institutions – banks, private equity funds, etc. – in developing countries have come to realize that the provision of financial services often needs to be complemented with capacity development in order for businesses to achieve sustainable growth.

Fondo de desarrollo Local, Nicaragua
Sembrar Sartawi

Sembrar Sartawi is a microfinance institution in Bolivia that focuses on providing a range of loan products targeting micro-entrepreneurs and smallholder farmers. The MFI currently has 21 branches and 12,000 clients. Through strategic alliances with local entities and providers, these loans are accompanied by technical advisory services to implement best practices and improve productivity. The MFI furthermore facilitates access to markets for its clients, and provides them with up-to-date price information. The result is an integrated solution that allows Sembrar Sartawi to promote higher productivity, product quality and more dynamic, sustainable rural markets in Bolivia.

By extending an unsecured USD 2m senior loan in local currency, BIO is supporting Sembrar Sartawi in increasing its capacity to provide financing to smallholder farmers and micro-entrepreneurs in the underserved rural areas of Bolivia.

FACTS & FIGURES:

<table>
<thead>
<tr>
<th>What</th>
<th>Microfinance Institution with focus on micro entrepreneurs &amp; small agricultural producers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>Bolivia</td>
</tr>
<tr>
<td>Year signature</td>
<td>2013</td>
</tr>
<tr>
<td>Type</td>
<td>Financial Sector – Microfinance Institution</td>
</tr>
<tr>
<td>BIO Investment</td>
<td>USD 2 million loan in local currency</td>
</tr>
<tr>
<td>Targeted end users</td>
<td>12,000 clients</td>
</tr>
<tr>
<td>Job creation</td>
<td>750 jobs in poor rural areas</td>
</tr>
<tr>
<td>Gender</td>
<td>42% of lenders are women</td>
</tr>
</tbody>
</table>

Fortunato Chipana Chipana

Fortunato Chipana is a potato grower who received a first loan from Sembrar Sartawi in 2011 to acquire guano manure for his potato growing, followed by another loan to finance the ploughing of his land and to acquire certified seeds and more manure and fertilizer. In 2013, Fortunato Chipana had increased his production to the extent that he took a new loan to buy a vehicle to transport the potatoes. Fortunato Chipana has gradually improved his standard of living as his land is becoming increasingly productive, thanks to the financial and technical support received from Sembrar Sartawi.
Infrastructure contributing to SME development

For businesses to prosper, a conducive, enabling environment is needed. Important aspects are the legal and regulatory framework and infrastructure. Whereas BIO has limited clout to influence the legal and regulatory framework, infrastructure does constitute an important focus area for BIO. Most of BIO’s infrastructure investments are in energy – energy efficiency and renewable energy. Another important area is telecommunication. The benefits of these investments – access to energy and telecommunication services – are certainly not restricted to SMEs but they are nonetheless crucial to sustain a thriving SME sector.
Summit Meghnaghat Power Company Ltd.

The Summit Meghnaghat power plant will produce over 2.5 billion kWh per year, providing electricity to approximately 8.9 million Bangladeshi consumers. Bangladesh’s energy infrastructure is small, insufficient and poorly managed, with only 60% of the 161 million people having access to electricity. The Government has set the target to provide electricity to all Bangladeshi people by 2021. With its power plant, Summit Meghnaghat PCL contributes significantly to the Government’s goal and to creating development opportunities for households and local SMEs.

SMEs account for 25% of GDP, 80% of industrial jobs, and 25% of the total labour force in Bangladesh. SMEs would benefit from reliable power supplies in textile production, leather and food processing, fertilizer production, to name a few.

Bangladesh disposes of large gas reserves and currently the most viable option for large-scale power generation is developing gas-fired power stations. However, a great deal of research is being done into renewable energy production options in Bangladesh and BIO is highly interested in being an early investor as these opportunities arise. Summit Meghnaghat PCL is developing, constructing and will operate a 335 MW combined heat and power (CHP) plant. The CHP principle is that the heat from the gas turbines is reused as the energy source for a steam turbine instead of being wasted, thereby increasing capacity.

Long-term finance is scarcely available in Bangladesh, which hampers projects such as this power plant that require longer repayment terms. BIO has contributed with USD 17.5 million to a senior loan together with its Dutch counterpart FMO. Alongside other development finance institutions (DFIs), namely the German DEG, UK’s CDC, Austria’s OeEB, OFID and international investors, a total of USD 190 million was raised in long-term debt to finance the project. The DFIs non-financial role in the project is important, they contribute to a structured approach to the client’s environmental and social performance and the introduction of minimum standards such as the applicable IFC Performance Standards.

JENS HUTYRA,
SENIOR INVESTMENT OFFICER,

remarks: “The 2.5 billion kWh that Summit will produce annually could reach almost 9 million consumers in Bangladesh. In Belgium, the power generated wouldn’t be enough to provide one city of about half a million inhabitants with electricity for 8 months… Numbers like these shed a light on the true impact the power station has on the country’s development.”

FACTS & FIGURES:

<table>
<thead>
<tr>
<th>What</th>
<th>Development, construction &amp; operation of 335MW dual fuel (gas/liquid fuel) combined cycle power plant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country</td>
<td>Bangladesh</td>
</tr>
<tr>
<td>Year signature</td>
<td>2014</td>
</tr>
<tr>
<td>Type</td>
<td>Infrastructure – energy efficiency</td>
</tr>
<tr>
<td>BIO Investment</td>
<td>USD 17.5 million senior loan</td>
</tr>
<tr>
<td>Total investment International lenders</td>
<td>USD 190 million in long-term debt</td>
</tr>
<tr>
<td>Total cost project</td>
<td>USD 318 million</td>
</tr>
<tr>
<td>Job creation</td>
<td>650 direct jobs</td>
</tr>
<tr>
<td>Access to energy</td>
<td>8.9 million people</td>
</tr>
</tbody>
</table>
Ex post evaluation of five BIO investments in Senegal

In view of gaining more insight into how to improve its performance, BIO is embarking on annual ex post evaluations of at least five of its investments. The purpose of these evaluations is to assess their relevance and impact on local economic and social development.

The first evaluation focused on Senegal, a partner country of the Belgian Development Cooperation and where BIO has a significant portfolio in SMEs and financial institutions. The evaluation encompassed case studies of three investments in SMEs (SCL, LDB and SEDIMA) and two in microfinance institutions (Microcred Senegal and ACEP).

An external team of evaluators assessed the selected five projects on different criteria: relevance, effectiveness, efficiency, impact, sustainability and additionality. The team studied the relevant internal BIO documents, interviewed BIO staff, and conducted field visits, interviewing a wide range of stakeholders: management of the companies BIO invested in, employees, suppliers, clients, local authorities, local communities, competitors, shareholders, other investors, etc.
**The 5 evaluated investments in Senegal**

**SOCIÉTÉ DES CULTURES LÉGUMIÈRES (SCL) Vegetable producing company**

**LAITERIE DU BERGER (LDB) Milk collection, processing and distribution company**

**SOCIÉTÉ DES CULTURES LÉGUMIÈRES (SCL) Vegetable producing company**

**MICROCRED SENEGAL Microfinance Institution**

**ACEP Microfinance institution**

**SEDIMA Poultry farming**

**BIO’S INVESTMENT:**

- **3 LOANS** in 2007, 2008 and 2013 for a total amount of €4 million
- **2 GRANTS** for technical assistance for a total amount of €97,000 in 2010

**SCL produces, packages and markets fresh vegetables. 20% is sold on local markets, the rest to the UK during the winter season in Europe, when there is an insufficient supply from traditional producing countries (Morocco, Spain, Israel, Egypt) due to climate constraints.**

**EFFECTS:**

- Sizeable employment, with all permanent and seasonal employees enjoying better working conditions and salaries than the local standard. Number of jobs: 438 contractual + up to 1,900 seasonal contracts.
- Support to local smallholders: SCL provides free cattle feed to 400 local farmers.
- Sustainable business growth: Annual turnover: €9 million. This has led to an important increase of state revenues through different taxes, estimated at €2.3 million between 2010 and 2014.
- Support to local population: SCL has invested in infrastructure, roads, water reservoirs, school renovations, etc. in close collaboration with local communities.
Findings

Development effects

Generally, the evaluators found that investing in these five projects was a pertinent choice of BIO, resulting in major social and economic development effects. The three SMEs are either pioneers or leaders in sectors with high potential development effects. The two microfinance institutions are solid institutions that have contributed to the development of the microfinance sector in Senegal. The BIO investments have partially contributed to the – often substantial - growth of the five companies over the investment period, in turn bringing about considerable direct and indirect effects on local economic and social development.

The main development impact generated by SCL has been employment creation. SCL is active in a remote and disadvantaged area of Senegal with little economic activity. Started up in 2007, SCL now employs more than 400 people and many more people work for SCL as daily laborers.

LDB impacted the livelihoods of hundreds of small dairy farmers through collecting their milk. LDB currently buys milk from about 1,000 cattle breeders in its catchment area, and is often the only off-taker of their milk. On the distribution side, LDB sells to a large network of retail points, supporting the income of these often small retailers.

Sedima is today the leading company in the poultry sector in Senegal and has impacted the poultry industry all along the supply chain. Out of the 40,000 families living from poultry in Senegal, 10,000 are connected – directly or indirectly – to Sedima, including farmers, wholesalers, retailers, etc. The products and services provided by Sedima...
ma cover the entire range of inputs - from one-day chickens via fodder to machinery and equipment - and Sedima is actively working with hundreds of poultry farmers to modernize and improve their operations.

**Microcred** started operations in 2007 and is now the third MFI in Senegal, contributing to increased competition on the Senegalese microfinance market. This has led to better services and lower prices for clients. On the other hand, the evaluators point out that this competition should be well-managed to avoid situations where clients accumulate too much debt. They indicate that over-indebtedness currently is a real risk in Senegal and that more should be done by the sector to prevent this risk from materializing.

Similar to Microcred, **ACEP** is a financially solid and well-managed microfinance institution with a good reputation and sincere concern for client protection and transparent pricing.

**Additionality**

Additionality is fundamental to the mission of development finance institutions like BIO and was a central question in the evaluation study as well. It takes into account the relevance of the investment timing, the added value and/or complementarity with other financing sources and the contribution to the leverage of private means.

The evaluators found that overall BIO had a strong financial additionality, meaning that BIO provided financing at a moment in time when no local bank was willing to do so. This is especially true for the small SMEs (SCL and LDB). In the case of Sedima, a local bank provided part of the financing but was not ready to cover the full investment amount.

**EFFECTS:**
- Professionalization of the sector: Sedima has formalised the poultry sector through training hundreds of poultry farmers, setting up farms and delivering quality products.
- Employment effects: over 10,000 direct and indirect jobs were created.
- Access to affordable food: Sedima has helped drive down the price of bread, a staple in Senegal.

**SEDIMA** is a poultry farming company that has grown into a company that covers the complete value chain from chicken feed to wholesaling eggs and poultry meat. Sedima is specialized in the production and marketing of one-day chickens and animal feed for cattle and poultry; it distributes equipment for poultry farming and eggs and delivers turn-key poultry projects. Since 2014 the company also runs a flour mill.
BIO’s investment in Microcred as well occurred at a moment when the institution had a clear financing need.

For ACEP however, BIO’s most significant impact was its so-called “non-financial additionality”, i.e. its providing of Technical Assistance. The evaluators consistently found technical assistance to be an important component of BIO’s additionality, very much appreciated by BIO’s clients. Thanks to the relevance of its requirements’ analysis and the quality of the provided assistance, it allows BIO to differentiate itself from other investors.

**Conclusions**

Taking into account that this is BIO’s first internal ex post evaluation and that it is a reflection of the investments in Senegal only, the conclusions of the study cannot be considered to cover BIO’s investments as a whole. However, some preliminary conclusions can be drawn: the evaluated projects confirm BIO’s relevance and effectiveness in strengthening the private sector in Senegal. BIO offers efficient adapted financing, even if there is room for improvement, in particular regarding the pricing and procedures. While the case studies did not allow any assessment of the potential leveraging impact of private financing, this is a key issue for BIO’s work that future evaluations should address. Also, although the evaluated projects are still ongoing and therefore the evaluators could not draw conclusions regarding their sustainability, it is important for BIO to gain more insight into the key factors concerning clients’ long-term viability.

**EFFECTS:**

- Respect for Client Protection Principles: REGMIFA ensures that all financed MFIs respect the minimum standards of client protection principles.
- Number of agencies and local offices: 16 and 73
- Number of jobs: 357
- Number of active clients: 96,948
- Number of active loans: 32,648
- Number of active savings: 110,981
- Net outstanding credits: € 57.5 million
- Average loan size: € 3,500

ACEP is a microfinance institution that has been operating since 1993. The MFI targets micro, small and medium-sized entrepreneurs and provides savings and credit facilities.

**BIO’s investment: through REGMIFA:**

BIO invested USD 5 million in equity in the Regional MSME Investment Fund for Sub-Saharan Africa (REGMIFA) in 2010, a fund dedicated to providing microfinance institutions with a broad range of key financing instruments, including long-term loans, quasi-equity and guarantee schemes. REGMIFA’s aim is to support employment creation, income generation and poverty alleviation by supporting MSME businesses via local MFIs. REGMIFA’s investment in ACEP is one of the 27 it currently has in portfolio.
This first evaluation has allowed to identify a number of areas of improvement BIO will work on in the months to come in order to maximise its efficiency and especially its positive impact on development:

- Implement the new development impact monitoring system swiftly
- Give priority to the new environmental and social management system within the criteria when selecting projects
- Simplify the analysis process of files all the while ensuring that reliable information is gathered to limit the financial, social and environmental risks
- Continue to sensitize SMEs on environmental issues
- Put more effort into increasing BIO’s visibility and clarify its mission so as to ensure that the specific role BIO plays is better understood
- Employ technical assistance more actively and strategically to bring about additional positive impacts.

Yet is can be said on the basis of the five case studies that BIO is having a positive impact on the economic and social development in Senegal by supporting MSMEs, and can fill the financing gap hampering the development and growth of SMEs and microfinance institutions reaching out to MSMEs.

**EFFECTS:**
- Increased access to finance for entrepreneurs with a growth of 55,000 clients since early 2012, especially in areas outside Dakar.
- Development of a sustainable and diversified microfinance industry: Microcred’s success has encouraged the creating of new MFIs, which is making the Senegalese MFI market more dynamic.
- Number of agencies: 26
- Number of jobs: 557 employees
- Number of active savers: 131,732
- Number of active loans: 35,650
- Net outstanding credits: € 61.6 million
- Average loan size: € 2,400

**BIO’S INVESTMENT:**

Microcred Senegal is a microfinance institution that provides savings and credit facilities. It is part of the Microcred network, providing financial services that are accessible and adapted to the needs of the individuals underserved by the financial sector, particularly micro, small and medium entrepreneurs.

**MICROCREDSENEGAL**
Microfinance Institution

**SENIOR LOAN**
- of € 2 million in local currency
Operational overview

Summary of 2014 operations

Investments

New applications

In 2014, BIO received 177 funding applications for a total of EUR 703 million.

Projects approved in 2014

In 2014, 26 new investments for a total value of EUR 116 million were approved by the Board of Directors, with an average of EUR 4.5 million per project. This implies a slight decrease compared with 2013 (EUR 125 million in 24 projects).

Signed contracts

In 2014, BIO signed contracts for a combined value of EUR 81 million (compared to EUR 112 million in 2013).

Exits

After almost 15 years of existence, BIO is beginning to exit from more and more projects that are now sustainable on their own. These exits mean new financing becomes available for new development projects.

In 2014, 18 loans were 100% repaid and 4 equity participations were sold for a total amount of EUR 60 million.
Subsidies

Feasibility studies

In 2014, one feasibility study was approved by the Board of directors, for an amount of EUR 30,311.

Technical assistance

10 technical assistance agreements were signed in 2014 for a total of EUR 616,314.

2 applications for technical assistance were also approved in 2014, for a total amount of EUR 152,000.

Financial resources

BIO’s financial resources are allocated by the Belgian government in the form of Development Certificates. Combined with earlier funding, the total funds, excluding capital, made available to the company for investments (excluding subsidies) were EUR 645 million at the end of 2014.
Global portfolio

Net commitments

As at 31 December 2014, BIO’s net commitments\(^1\) were EUR 586.7 million at the prevailing EUR/USD exchange rate. This represents an increase of 7 percent compared with 2013 figures, which were EUR 547.6 million.

Net commitments (Mio €)

![Net commitments graph]

Net commitments (in volume) per beneficiary

- **Infrastructure**: 1%
- **Infrastructure funds**: 14%
- **Microfinance**: 5%
- **Investments funds**: 6%
- **Financial institutions**: 21%
- **Banks**: 21%
- **Enterprises**: 17%
- **Investments funds SME**: 17%
- **Investments funds MFI**: 5%

Outstanding investments

The outstanding investments (volume of disbursements less repayments) totalled EUR 374 million at the prevailing USD/EUR rate at 31.12.2014, an increase of 10 percent compared to 31.12.2013.

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\(^1\) Net commitments = signed and BoD approved projects - reimbursements
Geographical spread

Some investments agreed by BIO are in funds or companies which cover several countries, regions or even continents. These are listed as “multiregional”.

25 percent of the outstanding investments are located in partner countries of the Belgian Development Cooperation. 23 percent of BIO’s portfolio targets Least Developed Countries.

 Outstanding investments per beneficiary as on 31.12.14

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure funds</td>
<td>0.02%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>23%</td>
</tr>
<tr>
<td>Enterprises</td>
<td>13%</td>
</tr>
<tr>
<td>Investments funds SME</td>
<td>15%</td>
</tr>
<tr>
<td>Investments funds MFI</td>
<td>5%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>5%</td>
</tr>
<tr>
<td>Microfinance</td>
<td>15%</td>
</tr>
<tr>
<td>Loans</td>
<td>73%</td>
</tr>
<tr>
<td>Equity</td>
<td>27%</td>
</tr>
</tbody>
</table>

 Outstanding investments per region as on 31.12.14

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>28%</td>
</tr>
<tr>
<td>Africa</td>
<td>46%</td>
</tr>
<tr>
<td>LAC</td>
<td>16%</td>
</tr>
<tr>
<td>Multiregional</td>
<td>10%</td>
</tr>
<tr>
<td>Africa and LAC together</td>
<td>56%</td>
</tr>
</tbody>
</table>

 Cash reserves

At all times, BIO is required to hold sufficient cash reserves to be able to fulfill all its commitments. Besides this first prudential rule, all undisbursed parts of loans and equity participations, 50% of the amounts associated with formally approved but not yet signed projects and 100% of any issued guarantees have to be reserved in cash.

 Liquid assets

At 31.12.2014, excluding the funds under management for grants, BIO’s liquid assets amounted to EUR 275.3 million of which EUR 126.5 million was “earmarked”, leaving EUR 148.8 million available for new investments.

BIO exclusively invests its cash in sight deposits, savings accounts or term deposits with a maximum maturity of 24 months and in OLOs, the rate of long term bonds issued by the Belgian State, (EUR 27.2 million at 31.12.2014).
Financial Sector portfolio

2014 achievements

Financial Institutions

BIO approved 15 projects for a total amount of EUR 54 million in 2014. Total commitment to financial institutions amounted to EUR 239 million whereas the outstanding portfolio for financial institutions reached EUR 182 million at the end of 2014.

Projects signed in 2014 included:
• A US$6 million loan to MBK to provide financing to low-income women in rural areas in small towns in Indonesia. MBK has a recognized role in empowering women as all its field officers, branch managers, district coordinators, and the majority of its head office personnel, including its CEO, are women. MBK currently has a client base of 360,000 customers.
• A US$15 million loan to Banco Regional in Paraguay to increase its capacity to provide financing to SMEs in the agricultural sector. The agricultural sector is considered the main motor of the economy, employing about 35 percent of the working population. In spite of this the sector still suffers from a lack of access to financial products specific to its needs. BIO intends to go beyond just providing financing. Together with FMO and IADB, BIO will support the development of Environmental and Social standards specific to agriculture and cattle financing.
• A US$10 million loan to BRAC Bank to provide both local currency loans to SMEs in the local market and fund export-oriented SMEs in USD.
• A capital increase and a US$3 million loan to Bank of Africa DRC respectively to support the extension of the bank’s geographical presence in the country through the opening of several new strategic locations inside and outside Kinshasa and to provide long-term resources to develop the bank’s small enterprise loan activity particularly in East Congo.
• A US$1 million loan to First Finance, a low-income housing loan financier in Cambodia.
• A €1.5 million loan to Microcred Mali to fund the development of this recently launched microfinance institution.

On a geographic basis, Africa accounted for 34% of BIO’s total commitments in financial institutions followed by Asia (29%) and Latin America (24%), with the remainder being multi-region. From a sector perspective, investments in banks accounted for 50% and microfinance portfolio 35%, the remaining being mainly investments in leasing companies.

In 2015, BIO expects to maintain the same investment pace and to maintain its prospecting work on Africa and on new markets in Latin America and Asia. BIO intends to remain active in transactions reflecting its main strategy niches: support of microfinance institutions, refinancing of local SMEs and creating or strengthening financial institutions in underserved markets.

One of BIO’s objectives is to act as a catalyst, in the sense of it temporarily investing in companies and thereby helping them to develop. At the end of the investment period, the challenge is for BIO to exit from the investment while at the same time ensuring the sustainability of the positive effects thereof. In 2014, we completed three exits from our portfolio in a responsible and sustainable manner. These included Cogebanque in Rwanda sold to local promoters, Access Bank Tanzania sold to Microvest, a reputable microfinance vehicle, and our participation in ASEAF II to international investors.

BIO is particularly proud of our involvement in the Access Bank Tanzania project: developed as a greenfield project in 2007, ABT has by 2014 become a leading microfinance bank in Tanzania, with more than 16,000 loan clients and 100,000 depositors (for an average amount of 90 EUR). Through its participation, BIO contributed to the strengthening and diversification of the microfinance sector in a priority country of the Belgian Cooperation. BIO participated actively in the governance of the institution, contributing funding (capital and loans) and technical assistance to support the institutionalization of Access Bank Tanzania as well as the implementation of Customer Protection Principles.

Private Equity

BIO’s net commitment to funds now reaches EUR 139 million, of which EUR 81 million has been disbursed. Our funds invest in SMEs, microfinance institutions and infrastructure projects in Africa, Asia and Latin America. BIO signed in three new funds in 2014:
• Africa Renewable Energy Fund: a fund dedicated to renewable energy in sub-Saharan Africa that focusses on power generation using renewable energy sources from remote
areas in “least developed countries” and “low income countries” as defined by the OECD.

- Maghreb Private Equity Fund: a fund aiming at financing Small and Medium Sized Enterprises in the Maghreb showing strong growth potential and thus a direct impact on the local economy.
- AgRIF (Agricultural and Rural Impulse Fund), a multiregional loan and equity microfinance investment fund with a specific focus on agricultural and rural outreach.

Through BIO’s investment in funds, we are contributing to financing the long-term capital of some 300 enterprises and to the modernizing of the private sector in our target countries. The development impact of our fund activity includes providing long-term capital, improving governance and management, transferring industrial expertise, creating jobs, and implementing international environmental and social standards.

**Evolution of net commitments and outstanding investments in the financial sector**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net commitments</td>
<td>378,172</td>
<td>373,724</td>
<td>327,553</td>
<td>296,629</td>
<td>236,498</td>
<td>184,162</td>
</tr>
<tr>
<td>Outstanding investments</td>
<td>263,487</td>
<td>273,613</td>
<td>215,294</td>
<td>175,686</td>
<td>143,934</td>
<td>119,757</td>
</tr>
</tbody>
</table>

**Outstanding investments in the financial sector**

**Breakdown per sector (in volume)**

- 24% Infrastructure funds
- 7% Investments funds SME
- 0.05% Investments funds MFI
- 23% Microfinance
- 38% Banks

**Regional Breakdown (in volume)**

- 18% Multiregional
- 35% Africa
- 20% LAC
- 27% Asia
Enterprises portfolio

2014 achievements

BIO is one of the few DFIs considering investments in SMEs below EUR 3 million.

BIO’s target sectors are:
- Agriculture and food processing: while these sectors are highly risky in view of the climate risk as well as commodity price volatility, the development impact for local populations is huge. Access to food and development of local employment allow people to improve their living standards in rural areas, thereby preventing their migration to large cities where slums are emerging.
- Industrial processing: all aspects related to industrial processing are core to a country’s development and to ensuring access to affordable goods.
- Telecoms: increasing access to communication is key to ensuring knowledge can be transferred within the population and to making the country attractive for industrial development.
- Small renewable energy infrastructures remain important in the development of local wellbeing. Indeed, access to energy has an immediate impact on economic development and people.

BIO’s additionality is also driven by the long-term maturity of the investment. This makes BIO complementary to local banks which generally offer short-term loans.

Last year, BIO approved 5 projects for a total amount of EUR 14 million:
- KF Bioplants, an existing enterprise in India that propagates flowers and addresses both
export markets and the Indian domestic market.

- A greenfield enterprise in Tanzania that will be setting up an integrated complex consisting of a large-scale rain-fed cassava plantation (up to 7,200 ha) and processing plant to produce up to 45,000 tonnes of starch from cassava.
- An existing enterprise in Ghana which transforms Ghanaian cocoa beans into high quality finished and semi-finished products.
- An existing manufacturer and supplier of (low to middle voltage) electrical switchgears and panels in Uganda.

BIO’s outstanding portfolio in enterprises amounted to EUR 71 million in 2014 whereas our total commitments reached EUR 52 million. Geographically, BIO remained focused mainly on Sub-Saharan Africa (almost 80% of our portfolio). Agriculture and agriculture value chain financing remains our most important sector of intervention.

### Evolution net commitments and outstanding investments Enterprises

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Net commitments*</td>
<td>70,678</td>
<td>67,662</td>
<td>53,099</td>
<td>49,590</td>
<td>45,710</td>
<td>32,285</td>
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<td>Outstanding investments</td>
<td>51,605</td>
<td>49,009</td>
<td>28,878</td>
<td>23,592</td>
<td>22,482</td>
<td>18,505</td>
</tr>
</tbody>
</table>

* Signed and BoD approved projects - reimbursements

### Outstanding investments Enterprises

**Breakdown per sector (in volume)**

- Agribusiness: 41%
- Oil, Gas, Mining & Chemicals: 36%
- Small Infrastructure: 11%
- Manufacturing & Services: 10%
- Health & Education: 1%
- Information & Communication Technologies: 1%

**Regional breakdown (in volume)**

- Asia: 16%
- Africa: 78%
- LAC: 6%

### Countries in which BIO’s Enterprises department has invested

<table>
<thead>
<tr>
<th>Region</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>Benin, Burkina Faso, Cameroon, Democratic Republic of Congo, Ghana, Ivory Coast, Kenya, Mali, Nigeria, Niger, Rwanda, Sao Tome, Senegal, Sierra Leone, Tanzania, Tunisia, Uganda</td>
</tr>
<tr>
<td>Asia</td>
<td>China, India, Mongolia, Vietnam, Laos</td>
</tr>
<tr>
<td>Latin America</td>
<td>Ecuador, Peru, Honduras</td>
</tr>
</tbody>
</table>
Infrastructure portfolio

2014 achievements

In 2014, BIO further developed its infrastructure portfolio by taking up significant holdings in financing packages relating to projects which aim at servicing the SME sector in the developing countries. This has been achieved through close cooperation with peer institutions and by reaching out directly to project developers of smaller infrastructure projects.

At the end of 2014, the infrastructure portfolio was made up of 14 approved projects for a total net commitment of EUR 138 million. New commitments for EUR 32 million were issued in 2014 for three important projects:

• BIO will play a catalytic role in financing one of the first small renewable energy projects within a new program launched by Uganda. This hydropower greenfield project will generate a total of 28 GWh per annum. The plant design involves the construction of a dam across a narrow valley. The project will create local jobs and will prevent increasing use to fossil energy, limiting recourse to imports or boosting oil exports once Uganda becomes an oil producer.

• With a second project complementing an investment made in 2013, BIO will contribute to further expansion of the DRC’s mobile phone tower network. With the construction of additional towers, existing mobile operators will be able to expand the reach of their services both in terms of geography and capacity. In conformity with the Congolese telecom authorities, the project contributes to
rural development because approx. 60% of the new sites are planned in rural communities.

- The third project comprises an 82 MW hydro power plant that will provide electricity to an estimated 3 million people and help to alleviate the current power shortages in the country. It is the largest private sector energy project in Nepal, and the first Independent Power Producer in the country financed by both international and domestic financiers.

Nepal has one of the largest untapped hydropower resources in the world (estimated at >80,000 MW). Despite its great potential, Nepal has one of the world’s lowest electricity consumption rates. In view of the earthquake that hit Nepal in April 2015, reliable access to electricity plays an important role in the reconstruction of the country. The project area suffered only mild tremors and no damage to life or property were registered.

Evolution of net commitments and outstanding investments

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>In k EUR</th>
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<th>2013</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
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<tbody>
<tr>
<td>Net commitments*</td>
<td>137,853</td>
<td>106,248</td>
<td>78,622</td>
<td>51,531</td>
<td>48,856</td>
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<td>Outstanding investments</td>
<td>96,289</td>
<td>51,277</td>
<td>39,316</td>
<td>21,528</td>
<td>13,237</td>
<td></td>
</tr>
</tbody>
</table>

* Signed and BoD approved projects – reimbursements

Outstanding investments Infrastructure

Breakdown per sector (in volume)

- 11% Transport & Logistics
- 64% Renewable energy
- 25% Telecommunication

Regional breakdown (in volume)

- 13% LAC
- 34% Asia
- 53% Africa
## Balance Sheet

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIXED ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formation expenses</td>
<td>9,036.63</td>
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<tr>
<td>Intangible assets</td>
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<td>Tangible assets</td>
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<td>342,732</td>
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<tr>
<td>Furniture and vehicles</td>
<td>139,764.88</td>
<td>199,354</td>
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<tr>
<td>Leasing and similar rights</td>
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<tr>
<td>Other tangible assets</td>
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<tr>
<td>Financial assets</td>
<td>402,240,658.73</td>
<td>364,274,404</td>
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<tr>
<td>Participating interests in affiliated enterprises</td>
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<tr>
<td>Participating interests in other enterprises</td>
<td>108,499,762.42</td>
<td>103,175,313</td>
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<tr>
<td>Amounts receivable and cash guarantees</td>
<td>293,740,896.31</td>
<td>261,099,091</td>
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<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td>287,456,777.54</td>
<td>266,798,939</td>
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<tr>
<td>Amounts receivable within one year</td>
<td>1,249,853.93</td>
<td>1,735,562</td>
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<tr>
<td>Investments</td>
<td>258,738,729.66</td>
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<tr>
<td>Cash at bank and in hand</td>
<td>20,912,073.40</td>
<td>42,908,603</td>
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<tr>
<td>Deferred charges and accrued income</td>
<td>6,556,120.55</td>
<td>6,271,329</td>
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<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>690,046,948.07</td>
<td>631,639,526</td>
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</tbody>
</table>

### LIABILITIES

<table>
<thead>
<tr>
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<th>2014</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td><strong>CAPITAL AND RESERVES</strong></td>
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<tr>
<td>Capital</td>
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<td>Legal reserve</td>
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<td>Profit carried forward</td>
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<td><strong>PROVISIONS AND DEFERRED TAXES</strong></td>
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<tr>
<td>Provisions for risks and costs</td>
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<td>2,292,868</td>
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<td><strong>CREDITORS</strong></td>
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<td>Amounts payable after more than one year</td>
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<tr>
<td>Amounts payable within one year</td>
<td>9,311,819.52</td>
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<td>Current portion of amounts payable after more than one year</td>
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<tr>
<td>Trade debts</td>
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<tr>
<td>Taxes, remuneration and social security</td>
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<tr>
<td>Other amounts payable</td>
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<tr>
<td>Accrued charges and deferred income</td>
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<td>7,948,119</td>
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<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>690,046,948.07</td>
<td>631,639,526</td>
</tr>
</tbody>
</table>
Notes to balance sheet

Financial assets

Equity holdings and shares are stated at acquisition cost. Incidental expenses relating to acquisition are charged to the financial year during which they were incurred.

These assets will remain valued at a historical exchange rate. The Board of Directors will determine on a case-by-case basis when reductions in value are lasting and lead to the booking of a capital loss or an impairment.

Receivables are valued at nominal value. Related expenses are charged to the financial year during which they were incurred. An impairment is booked if there is uncertainty as to the repayment of all or part of the amount receivable on the due date. From an accounting perspective, such impairment reduces the value of the financial asset.

### FIXED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>usd</th>
<th>MAD</th>
<th>INR</th>
<th>KHR</th>
<th>RWF</th>
<th>TZS</th>
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<tr>
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<td>11,211,178</td>
<td>253,300,000</td>
<td>10,080,443,585</td>
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<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
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<td>0</td>
<td>0</td>
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<td>0</td>
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<tr>
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<td>0</td>
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<tr>
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<td>11,211,178</td>
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<td>10,080,443,585</td>
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<td>3,247,700,531</td>
</tr>
</tbody>
</table>

### OFF-BALANCE

<table>
<thead>
<tr>
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<th>MAD</th>
<th>INR</th>
<th>KHR</th>
<th>RWF</th>
<th>TZS</th>
<th>FCFA</th>
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<tbody>
<tr>
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<td>2,500,000,000</td>
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<tr>
<td>loans investment funds</td>
<td>69,250,000</td>
<td>1,530,000,000</td>
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<td><strong>Totaal projecten 2014</strong></td>
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<td>0</td>
<td>2,500,000,000</td>
<td>2,193,287,350</td>
</tr>
</tbody>
</table>

Notes to balance sheet

Financial assets

Equity holdings and shares are stated at acquisition cost. Incidental expenses relating to acquisition are charged to the financial year during which they were incurred.

These assets will remain valued at a historical exchange rate. The Board of Directors will determine on a case-by-case basis when reductions in value are lasting and lead to the booking of a capital loss or an impairment.

Receivables are valued at nominal value. Related expenses are charged to the financial year during which they were incurred. An impairment is booked if there is uncertainty as to the repayment of all or part of the amount receivable on the due date. From an accounting perspective, such impairment reduces the value of the financial asset.
Alongside these impairments booked against assets, a general provision has been established representing 3% of the outstanding amounts at the end of each financial year (included under ‘Provisions for risks and costs’ in the Liabilities section of the Balance Sheet). Total impairments booked under the financial assets are deducted from this provision. At 31/12/2014, these impairments represented 2.27% of the outstanding (EUR 9,332,511) and the general provision 0.73% (EUR 3,010,152), making the total provision reach the 3% decided by the Board of Directors.

When the exchange risk and the currency risk are covered by a financial instrument that meets the hedging criteria on an ongoing basis in terms of maturity, interest and currency, valuation of the financial instrument follows the valuation rules for the underlying asset.
BIO’s financial commitments at the end of the financial year are converted at the closing rate of the financial year and are recorded as off-balance sheet items. The submission of a letter of intent to a potential customer implies the off-balance sheet recording of the amounts committed.

The interest and exchange risk related to 68 loans amounting to a total of USD 263 million, FCFA 2,014 million, ZMK 9 million, NGN 616 million, MZN 450 million, BOB 14 million and LKR 590 million was covered by an interest and currency swap (CCIRS/Cross Currency Interest Rate Swap), converting the counter value of the future instalments and interest payments into EUR loans at fixed interest. Ten loans for a total amount of USD 6 million were covered by forward currency contracts.

**Amounts receivable within one year**

Trade receivables amount to EUR 403,297.

The remaining receivables mainly refer to yet to be re-claimed VAT (EUR 26,469), taxes (EUR 130,949) and one open receivable blocked on an escrow account (EUR 682,114).

Cumulated unpaid interest for a total of EUR 1,318,798 has been considered as doubtful and a corresponding impairment booked. The balance of EUR 7,025 relates to down payments to be earmarked.

**Cash at bank and in hand**

This item includes the unallocated cash available to BIO in the context of its corporate mission.

Deposits and long-term accounts with credit institutions and cash at hand are valued at par.

No value adjustments were applied.

**Deferred charges and accrued income**

This item includes deferred costs totalling EUR 125,817, accrued income of EUR 6,347,458 and currency conversion gains of EUR 82,846.

Deferred costs mainly consist of rent, insurance, subscriptions, travel expenses and legal fees.

Accrued income mainly consists of accrued interest currently due on loans granted.

The currency conversion gains represent the exchange rate difference between the spot rate and hedging rate. These conversion gains are spread over the duration of the instrument used and the loans.

**Reserves**

The development certificates are included in unavailable reserves. Impairments and capital losses can be directly charged to these certificates without having to modify the articles of association. At the end of 2002 EUR 62,070 was charged to the certificates.

The legal reserve is EUR 495,787.

EUR 7,567,193 of total profit for the 2014 financial year will be distributed as dividends, with the remainder (EUR 3,396,597) carried forward, bringing the total carried forward up to EUR 18,563,214.
Provisions for risk and charges

The additional provision for EUR 26,390 established to cover the exchange rate risk of a current hedging contract, of which the underlying loan will probably not be honoured, is reduced by EUR 15,194.

The provision of EUR 500,000 established to cover a breach of contract is maintained.

The Board of Directors has decided that the general provision of EUR 3,010,152, previously included under ‘Financial assets’ is now to be booked under ‘Provisions for risks and costs’ in the Liabilities section of the Balance Sheet.

A provision for EUR 258,341 pertaining to VAT has been maintained.

Amounts payable within one year

Commercial debts consist of EUR 130,748 of invoices to be paid and EUR 234,637 of invoices to be received.

Tax debts include provisions for corporation tax of EUR 387,000 for the current financial year and of EUR 180,743 for the previous year, as well as EUR 192,724 for withholding taxes (PAYE) on salaries.

Debts relating to wages and social security concern the provision for statutory holiday pay and a wage balance of December 2014 totalling EUR 506,375, as well as social insurance contributions of EUR 52,122.

Remaining debts include a yet to be distributed dividend of EUR 7,567,193. There is an outstanding amount of EUR 60,276 related to advance payments or received amounts to be transferred to third parties.

Accrued charges and deferred income

This heading includes costs to be charged amounting to EUR 4,172,014. This is mainly the provision for interest incurred and not due on the CCIRS contracts amounting to EUR 2,960,243 and a subsidy of EUR 1,211,771, the contract for which has been signed.

The deferred accrued income amounts to EUR 3,648,716 for a Capacity Building and MSME
Fund subsidy. In addition, this item covers negative exchange differences for EUR 101,430.

**Notes to income statement**

**Operating income**

Totalling EUR 1,809,559, other operating income is made up of the EUR 164,112 subsidy related to the Capacity Building and MSME Fund, various fees for EUR 1,275,444, a re-invoicing of costs amounting to EUR 125,164, EUR 99,876 of withholding tax exemption and redistribution of social security contributions, as well as damages and Interest amounting to EUR 144,963.

**Operating charges**

“Miscellaneous goods and services” covers general operating costs such as rent and related charges, insurance, office supplies, membership fees and documentation, various fees, travel expenses, promotion costs, as well as the remuneration of the management bodies. These charges amounted to EUR 2,246,812.

Wages, social security contributions, staff insurance and employee benefits amounted to EUR 4,777,341. Depreciation on tangible assets amounted to EUR 248,586, while impairments on receivables totalled EUR 163,430.
Other operating charges of EUR 214,943 relate to a EUR 126,690 approved subsidy for the Capacity Building Fund, and various taxes and levies for EUR 88,253.

Financial income

Income from BIO’s core activity in 2014 amounted to EUR 20,522,612. It consists of returns on loans (EUR 18,750,896) and dividends (EUR 1,771,716).

Income derived from investing the non-allocated cash available to BIO to execute its corporate mission amounted to EUR 12,552,335 in 2014. The income from CCIRS contracts is included under this heading.

Other financial income (EUR 246,823) mainly relates to differences in exchange rates and payments.

Financial charges

“Interest payable and similar charges” (EUR 15,136,314) are mainly attributable to CCIRS contracts.

Other financial charges refer to discounts on receivables amounting to EUR 31,227, the adaptation of the acquisition value of the bonds emitted by the Belgian Government to the actuarial value amounting to EUR 181,936, exchange rate differences of EUR 693,364 and EUR 64,352 of banking charges.

Extraordinary income

Extraordinary income is made up of a EUR 3,912,837 capital gain from the realization of fixed assets, the recovery of Impairments on receivables for EUR 1,892,004, VAT recovery for EUR 56,433 and a correction of the previous profit-sharing plan for EUR 6,956.

Extraordinary costs

Capital losses on the realization of financial assets amounted to EUR 381,624 in the 2014 financial year. Estimated impairments on financial assets amounted to EUR 3,659,093, while the provision established to cover risks on outstanding amounts totalled EUR 1,558,448 (cf. the 3% rule explained above).

Taxes

This item contains the provision for corporation tax for financial year 2013 (EUR 165,044) and 2014 (EUR 387,000), the foreign taxation on 2014 revenues (EUR 521,816), and the recovery of foreign taxes for EUR 65,474.
## Cash flow table

<table>
<thead>
<tr>
<th>Summary</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational activities consisting of</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow from operational activities</td>
<td>-9,242,173.11</td>
<td>-6,047,009.76</td>
</tr>
<tr>
<td>Modifications in the operational debts</td>
<td>317,571.00</td>
<td>2,500,151.20</td>
</tr>
<tr>
<td>Modifications in the operational assets</td>
<td>-144,449.09</td>
<td>-2,520,886.46</td>
</tr>
<tr>
<td>Modifications in provisions and postponed taxes</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Operational cash flow after taxation</strong></td>
<td>-9,069,051.20</td>
<td>-6,067,745.02</td>
</tr>
<tr>
<td><strong>Investments in</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formation expenses</td>
<td>-5,806.10</td>
<td>-2,533.15</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>-17,106.10</td>
<td>-21,276.58</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>-9,003.26</td>
<td>-24,407.51</td>
</tr>
<tr>
<td>Financial assets</td>
<td>-39,733,344.04</td>
<td>-90,941,887.25</td>
</tr>
<tr>
<td>Income from financial fixed assets</td>
<td>20,522,611.62</td>
<td>17,957,275.60</td>
</tr>
<tr>
<td>Loss or gain on disposal of fixed assets</td>
<td>3,531,213.46</td>
<td>-471,831.43</td>
</tr>
<tr>
<td><strong>Investment flow</strong></td>
<td>-15,711,434.42</td>
<td>-73,504,660.32</td>
</tr>
<tr>
<td><strong>Free cash flow (before financing)</strong></td>
<td>-24,780,485.62</td>
<td>-79,572,405.34</td>
</tr>
<tr>
<td><strong>Financing by</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>50,000,000.00</td>
<td>18,400,000.00</td>
</tr>
<tr>
<td>Financial debts</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Other amounts payable</td>
<td>-4,360,759.58</td>
<td>-7,202,732.05</td>
</tr>
<tr>
<td><strong>Financing flow</strong></td>
<td>45,639,240.42</td>
<td>11,197,267.95</td>
</tr>
<tr>
<td><strong>Total cash flow</strong></td>
<td>20,858,754.80</td>
<td>-68,375,137.39</td>
</tr>
</tbody>
</table>
Governance

BIO is a private company. Its capital is held by the Belgian State (Ministry for Development Cooperation). Its starting capital amounted to €5,000,000 and it makes investments using additional equity (“development certificates”) put at its disposal by the Ministry for Development Cooperation. The annual Shareholders’ meeting was held on June 11th 2015 at which the Shareholder discharged Board and Auditor from liability.

The Board of Directors

There are twelve members on the Board of Directors, including the president who is a member by right. The Board has an equal number of Dutch-speaking and French-speaking members. The Government appoints the Board members on the basis of their expertise in international cooperation or finance; their six-year term is renewable. In 2014, none of the Board member held a management function in the company.

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

Since January 27th, 2014, the Board of Directors consists of:
- Mr. Christophe Soil (President)
- Ms. Els Schelfhout (Vice President)
- Mr. Jan Kerremans (2nd Vice President)
- Ms. Laurence Christians
- Ms. Françoise Demeuse
- Mr. Jean-Claude Fontinoy
- Mr. Xavier Godefroid
- Mr. Carl Michiels
- Ms. Florence Thys
- Ms. Annuschka Vandewalle
- Ms. Hilde Vautmans
- Mr. Pieter Verhelst
- Mr. Frank Blomme (Government Commissioner)
- Mr. Guy Beringhs (Government Commissioner for Development Cooperation until November 12th 2014)
- Mr. Peter Moors (Government Commissioner for Development Cooperation since November 12th 2014)

In accordance with the Law of 20 January 2014, amending the Law of 3 November 2001 establishing the Belgian Investment Company for Developing Countries as a public-law company, the Director-General for Development Cooperation and Humanitarian Aid, Mr Frank De Wispelaere, represents the Federal Public Service of Foreign Affairs, Foreign Trade and Development Cooperation in BIO’s Board of Directors. As an observer, he is not eligible to vote.
Remuneration of the Board members

The remuneration of the Board members was set at the incorporation of BIO in 2001. Any change is decided by the General Assembly of Shareholders in accordance with the by-laws.

In 2014, the members received the following remuneration:

<table>
<thead>
<tr>
<th>Name Board member</th>
<th>Function</th>
<th>Amount received in 2014 (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Christophe Soil</td>
<td>President</td>
<td>11,458</td>
</tr>
<tr>
<td>Ms. Els Scheihout</td>
<td>Vice President</td>
<td>12,479</td>
</tr>
<tr>
<td>Mr. Jan Kerremans</td>
<td>2nd Vice President</td>
<td>9,500</td>
</tr>
<tr>
<td>Ms. Laurence Christiaens</td>
<td>Member</td>
<td>7,000</td>
</tr>
<tr>
<td>Ms. Françoise Demeuse</td>
<td>Member</td>
<td>8,000</td>
</tr>
<tr>
<td>Mr. Jean Claude Fontinoy</td>
<td>Member</td>
<td>8,500</td>
</tr>
<tr>
<td>Mr. Xavier Godefroid</td>
<td>Member</td>
<td>7,500</td>
</tr>
<tr>
<td>Mr. Carl Michiels</td>
<td>Member</td>
<td>10,500</td>
</tr>
<tr>
<td>Ms Florence Thijs</td>
<td>Member</td>
<td>10,500</td>
</tr>
<tr>
<td>Ms Annuschka Vandewalle</td>
<td>Member</td>
<td>7,500</td>
</tr>
<tr>
<td>Ms Hilde Vautmans</td>
<td>Member</td>
<td>11,000</td>
</tr>
<tr>
<td>Mr. Pieter Verhelst</td>
<td>Member</td>
<td>7,500</td>
</tr>
<tr>
<td>Mr. Frank Blomme</td>
<td>Government Commissioner</td>
<td>7,000</td>
</tr>
<tr>
<td>Mr. Guy Beringhs</td>
<td>Government Commissioner</td>
<td>8,846</td>
</tr>
<tr>
<td>Mr. Peter Moors</td>
<td>Government Commissioner</td>
<td>6,912</td>
</tr>
<tr>
<td>Mr. Frank De Wispelaere</td>
<td>Observer</td>
<td>500</td>
</tr>
</tbody>
</table>

The remuneration of the government commissioners is determined by Ministerial Decree from the Minister of Development Cooperation.

In 2014, the Board convened fourteen times.
Committees

All Committees are appointed by and report to the Board of Directors.

The Investment Committee

The Investment Committee includes 6 members. It is responsible for the following activities:
- Advise the Board of Directors on investment decisions
- Analyse and monitor the portfolio

The investment committee is composed as follows:
Ms. Florence Thys (Chair)
Mr. Carl Michiels
Mr. Jean-Claude Fontinoy
Ms. Hilde Vautmans
Mr. Frank De Wispelaere
Ms. Els Schelfhout
Mr. Yves Windelinx

The Audit Committee

The Audit Committee is appointed by the Board to support the Board in its oversight responsibilities regarding internal control in the broadest sense, including internal control over financial reporting.

The audit committee is composed as follows:
Mr. Pieter Verhelst (Chair)
Mr. Jan Kerremans
Ms. Laurence Christians

Human Resource Committee

The HR Committee assists the Board in human resources policy matters. It is composed as follows
Ms. Françoise Demeuse (Chair)
Ms. Annuschka Vandewalle
Mr. Jan Kerremans
Mr. Xavier Godefroid

Executive Committee

The Executive Committee is responsible for preparing and implementing strategy and policy, and for the daily management of the company. It is headed by the CEO, who ensures the Executive Committee’s relations with the Board of Directors.

The members of the Executive Committee are:
Mr. Luuk Zonneveld, Chief Executive Officer
Mr. Arnaud Delmarcelle, Chief Administration and Finance Officer
Ms. Carole Maman, Chief Investment Officer
Ms. Anne Demeuse, Chief Risk Management and Monitoring Officer

External control

The funds entrusted to BIO by the Belgian government are subject to particular scrutiny.
- BIO is supervised by 2 Government Commissioners, one appointed by the Minister for Development Cooperation and the other by the Minister for the Budget.
- The Belgian Court of Audit conducts an annual financial audit.
- BIO accounts are certified annually by an external auditor.
- BIO is regularly evaluated by the Government’s Special Evaluator: the first evaluation took place in 2007, the second evaluation in 2012/2013.
Belgian Investment Company for Developing Countries SA

Statutory auditor’s report to the shareholders’ meeting on the annual accounts for the year ended 31 December 2014

To the shareholders

As required by law and the company’s articles of association, we report to you in the context of our appointment as the company’s statutory auditor. This report includes our report on the annual accounts together with our report on other legal and regulatory requirements. These annual accounts comprise the balance sheet as at 31 December 2014 and the income statement for the year then ended, as well as the summary of accounting policies and other disclosures.

Report on the annual accounts – Unqualified opinion

We have audited the annual accounts of Belgian Investment Company for Developing Countries SA ("the company"), prepared in accordance with the financial reporting framework applicable in Belgium, which show total assets of 690,047 (000) EUR and a profit for the year of 10,964 (000) EUR.

Board of directors’ responsibility for the preparation of the annual accounts

The board of directors is responsible for the preparation and fair presentation of annual accounts in accordance with the financial-reporting framework applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Statutory auditor’s responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the statutory auditor’s judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the company’s preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the annual accounts. We have obtained from the company’s officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.
Unqualified opinion

In our opinion, the annual accounts of Belgian Investment Company for Developing Countries SA give a true and fair view of the company’s net equity and financial position as of 31 December 2014 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

Other Matter

The annual accounts of Belgian Investment Company for Developing Countries SA for the year ended 31 December 2013 were audited by a different statutory auditor, who expressed an unqualified opinion thereon on 24 April 2014.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors’ report on the annual accounts, as well as for maintaining the company’s accounting records in compliance with the legal and regulatory requirements applicable in Belgium and for the company’s compliance with the Companies Code and the company’s articles of association.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statements, which do not modify the scope of our opinion on the annual accounts:

- The directors’ report includes the information required by law, is consistent with the annual accounts and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting is in accordance with the relevant requirements of the law and the company’s articles of association.
- There are no transactions undertaken or decisions taken in violation of the company’s articles of association or the Companies Code that we have to report to you.

Antwerp, 27 May 2015

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d’Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Luc Van Coppenolle
REPORT OF THE BELGIAN COURT OF AUDIT

on the accounts for the financial year ended 31 December 2014 to the general assembly of shareholders of BIO NV/SA (public limited company)

Pursuant to article 459 of the 24 December 2002 programme law (I) (Belgisch Staatsblad/Moniteur belge - Belgian Official Journal of 31 December 2002), which introduced article 5 bis in the 3 November 2001 law relating to the establishment of the Belgian Investment Company for developing countries (BIO), the Belgian Court of Audit’s general assembly elected an auditor among its members on the 21st of April 2004 to perform the audit.

In accordance with the provisions of the law and the articles of association, this auditor has examined the annual accounts of the Belgian Investment Company for developing countries (BIO) ended 31 December 2014. The audit included the following documents: the balance sheet, the profit and loss account, the notes to the annual financial statements and the annual report.

This audit was conducted in accordance with the INTOSAI auditing standards and has not resulted in any qualification.

The Belgian Court of Audit
Represented by

Jozef Beckers
Member of the Court