Development through investment
We contribute to sustainable development by financing the local private sector.
Our mission

The mission of the Belgian Investment Company for Developing Countries (BIO) is to support a strong private sector in developing countries, to enable them to gain access to growth and sustainable development with the aim to achieving the Millennium Development Goals.

BIO invests directly in private sector projects and as such makes a structural contribution to the socio-economic growth of those host countries. Its mandate includes strict criteria in terms of geographical targets, financing tools and, above all, impact on development.

The local financial system is often unsuited to the needs of small entrepreneurs and does not allow the emergence of income-generating activities. BIO’s support to the private sector is therefore an essential link in the development cooperation chain.
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Supporting local entrepreneurship - one of the Ministry’s main focuses

The revision of Belgian development cooperation policy constitutes a core objective of my mandate. The new Belgian Development Cooperation Law underlines the key role played by micro, small and medium-sized enterprises (MSMEs) in the private sector in promoting growth and fighting poverty. This new law makes support for entrepreneurship one of the main focuses of Belgian development cooperation, in line with the overarching objective of achieving sustainable human development in its partner countries and with priority being given to activities involving the social economy and entrepreneurial projects creating decent long-term jobs.

The only way this policy can meet this overarching objective is to achieve maximum coherency between the different fields of Belgian development policy, in line with the recommendations formulated by the OECD Development Assistance Committee in 2010. This coherency requirement can only be met through strengthening our “cooperative reflex”.

Coherency also implies that constant attention must be paid to introducing new international policies and rules relating to economic and financial cooperation, as these ultimately determine the relevance and effectiveness of interventions promoting development.

Our objective is to avoid any development cooperation efforts having a negative effect on other policies carried out by the same countries or the same institutions.

BIO - a key instrument for financing investments in MSMEs

BIO remains the key instrument in the Belgian programme of supporting local entrepreneurship in developing countries. Its role as a development actor was acknowledged by the audit carried out
in 2012 by the Special Evaluation Department. The reform underway at BIO is aimed at strengthening this mandate. The intention of the operational adjustments is to better integrate BIO into the overall Belgian development cooperation and to promote respect of the catalyst ‘on-top’ character of its investments, and their exemplary nature with regard to financial and fiscal ethics. Adjustments will also be made to BIO’s governance structure with a view to ensuring greater operational efficiency, as well as strengthening the ‘development’ dimension in all aspects of its organisation.

The December 2012 appointment of a CEO from the world of development cooperation as well as the express wish to terminate all funding operations from offshore jurisdictions are further witnesses of this major concern.

The revised mandate is expected to enable BIO to better define its role and to improve the relevancy and effectiveness of its interventions, with a view to these fully contributing to achieving the overarching objective of sustainable human development in the partner developing countries.

Jean-Pascal Labille
Minister of Development Cooperation

“BIO’s role as a development actor was acknowledged by the audit carried out in 2012 by the Special Evaluation Department.”
Message of BIO’s CEO

Luuk Zonneveld

“Next month, there will be hundreds of people working here,” says Munir Bashir with a twitch of anxiety in his voice. We are standing in a factory hall the size of half a football pitch. Technicians are putting the finishing touches to two long lines of machines that look like newspaper printing presses. Shreds of coloured cloth litter the floor. Welcome to African Textiles.

In the 1960s the Burundi government, seeking to add value to the large cotton production in this small Central African country, set up a factory to transform wads of raw cotton into household textiles, uniforms and especially pagnes, the colourful wrapped cloths African women love to show off with. As its products conquered the textiles markets throughout Central Africa, the factory kept on expanding – until more than a decade of civil war and management problems forced it to declare bankruptcy in 2007. In the ensuing years, the government’s efforts to privatize the 22 ha factory complex led nowhere, as nobody was willing to take the risk to invest the many millions needed to restore textile production.

Nobody, that is, except Munir Bashir and his brother Tariq. They are the type of iconic entrepreneurs that, once they have set their teeth into a project, will not let go until they have achieved the success they dreamt of. Originally from Burundi’s poor countryside, after working hard to develop their family’s small trading business, the brothers bought a dilapidated flour mill in the woody hills an hour’s drive from Burundi’s capital Bujumbura and converted it into the country’s top-quality supplier to Bujumbura’s bakeries. When they first heard that the textile factory was up for sale, they weren’t interested, as they knew nothing about textiles and shied back from the sheer size of the enterprise. But as they became aware of the factory’s potential to re-establish itself as the region’s principal source of pagnes – of much better quality and lower prices than the Asian imports - , they decided to go for it.

Rejuvenating Burundi’s once flourishing cotton production

Starting with cutting the man-high grass on the grounds, Munir and Bashir worked for two years to install new machinery and refurbish old equipment, scout for the old factory’s key craftsmen and rehire them, learn all the ins and outs of transforming raw cotton into all sorts of cloth, and work with the Burundian government to boost domestic cotton production from its current meagre 3,000 tonnes today to the 12,000 tonnes the country’s farmers produced annually before the civil war. When Africa Textiles is fully up and running again, it will provide tens of thousands of poor farmers with a restored outlet for their cotton, employ almost 2,500 workers, and supply bed linen, towels and coloured cloth to tailors and consumers throughout Burundi, the DRC, Rwanda and Tanzania at higher qualities and lower prices than the imported ware. Moreover, as the region’s only indigenous textile producer, by substituting textile imports, it will allow its people and governments to generate large sums of hard currency and contribute significantly to the region’s economic development.
The Bashirs were able to play their role of economic catalysts with the support of a local bank that believes in them and that provided them with the high-risk financing of their enterprises: the Banque de Crédit de Bujumbura, or BCB. Set up 90 years ago by Belgian bankers, BIO was one of the investors that enabled BCB to become majority-owned by Burundian people in 2007. Since then, the BCB has been strongly improving its services to enterprises, and just recently opened a dedicated business centre to assist entrepreneurs in financing their endeavours. BIO is especially proud of its role in BCB’s development because the bank enables people like Munir and Tariq to put their entrepreneurship at the service of their country’s development.

**BIO’s fervent commitment to sustainable development**

When considering investments, BIO’s staff and Board spend a lot of time going through market surveys, business plans, financing schemes, and client integrity investigations. And in this Annual Report, as usual, you’ll find many tables and graphs with figures and percentages. However this down-to-earth daily business should not distract from the fact that it enables BIO to contribute to better and more sustainable livelihoods by helping thousands of farmers in Africa, Asia and Latin America produce more food, people to set up and expand their business, and improving the availability of locally produced quality goods. What is more, through
BIO’s support of the local private sector, people from developing countries can benefit from affordable and efficient public services, transport, telecommunications, renewable energy and have access to elementary financial services.

In the past year BIO has been the target of a certain amount of public questioning, inciting our owners (the Belgian state and BMI) as well as our Board and staff to re-examine our mandate and performance. While a large-scale external evaluation has attested our relevance and effectiveness in contributing to sustainable development, we are leveraging the criticism to enhance our focus on our mission and our efficiency. In the meantime, this Annual Report documents our significant track record of the past year, demonstrating BIO’s critical role in enabling the private sector in developing countries to contribute to improving people’s lives. I heartily thank my staff, BIO’s Board and owners and all our stakeholders for making this possible.

Luuk Laurens Zonneveld
CEO BIO
BIO in numbers

Five years in review, EUR million

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<tr>
<td>Revenues</td>
<td>19.9</td>
<td>13.6</td>
<td>12.1</td>
<td>7.07</td>
<td>8.7</td>
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<tr>
<td>Net result</td>
<td>10.7</td>
<td>4.9</td>
<td>4.05</td>
<td>0.79</td>
<td>2.9</td>
</tr>
<tr>
<td>Equity (cumul.)</td>
<td>581.6</td>
<td>473.1</td>
<td>368.1</td>
<td>359.1</td>
<td>212.3</td>
</tr>
<tr>
<td>Operating costs / Equity (in %)</td>
<td>1.01</td>
<td>1.2</td>
<td>1.5</td>
<td>1.2</td>
<td>1.8</td>
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Figures at a glance in 2008-2012

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<tbody>
<tr>
<td>Total number of investments</td>
<td>117</td>
<td>96</td>
<td>85</td>
<td>72</td>
<td>64</td>
</tr>
<tr>
<td>Portfolio (outstanding investments), EUR million</td>
<td>283.1</td>
<td>220.7</td>
<td>179.7</td>
<td>138.2</td>
<td>111.8</td>
</tr>
<tr>
<td>Number of new approved projects</td>
<td>29</td>
<td>30</td>
<td>27</td>
<td>30</td>
<td>27</td>
</tr>
<tr>
<td>New commitments, EUR million</td>
<td>145</td>
<td>126.3</td>
<td>114.6</td>
<td>63.8</td>
<td>57.9</td>
</tr>
<tr>
<td>Net commitments*, EUR million</td>
<td>450.3</td>
<td>397.7</td>
<td>331.1</td>
<td>261.1</td>
<td>179.9</td>
</tr>
<tr>
<td>Staff</td>
<td>41</td>
<td>38</td>
<td>36</td>
<td>27</td>
<td>22</td>
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</tbody>
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*Signed + Bod approved projects – reimbursements

Development Impact

Estimates show that projects signed in 2012 will contribute to:

- Reducing CO₂ emissions by +/- 700,000 Tons through energy infrastructure projects
- Creating or maintaining +/- 20,000 direct and +/- 15,000 indirect jobs
- Generating +/- EUR 6.5 million of local government revenue thanks to the direct investments financed by BIO.
BIO and Développement international Desjardins (DID) have signed in April 2012 a strategic agreement aimed at helping develop small enterprises in Central and East Africa. The agreement is specifically designed for investment in the entrepreneur financial centers (EFC) set up in that region by DID. The EFCs are specialized financial institutions that provide small entrepreneurs with the financial products and services they need to develop business and fulfill their role in stimulating economic growth and job creation.

Outstanding investments in Africa: EUR 106.6 million

BIO operates in 34 countries in Africa

Stimulate and enhance local agriculture

“After a few months, Vincent and Marie-Louise have harvested and sold their tomatoes and are very happy with their earnings.”

> P 26
Local commitment

- SUPPORT LOCAL ENTERPRISES
- IMPROVE THE POPULATION’S LIVING STANDARDS
- INCREASE ACCESS TO FINANCE

Stimulate development through the private sector

- Ramacafé  Financing tailored to the coffee industry
- Nouvelle Conserverie Algérienne Rouiba  A family business back on track
- Masaka Farms  Entrepreneurship drives development
- Rwanda Mountain Tea  From tea to hydro-energy
- Gocongo  Improving availability of quality food
- TBEC  Clean energy from wastewater
Ramacafé
Financing tailored to the coffee industry

- **Company**: RAMACAFE, established in 1995 (www.ramacafe.com)
- **Investor**: Latin American Agribusiness Development Corporation (LAAD), a private investor and development financial institution (www.laadsa.com)
- **Sector**: Agribusiness
- **Business focus**: Coffee
- **Size**: Turnover EUR 3 million (2012); Employees 200 permanent and about 2,000 seasonal workers; 350 hectares
- **Region**: Central America
- **Country**: Nicaragua
Preserving an eco-friendly family heritage

Ramacafé Fine Estates Coffees consists of 4 coffee plantations owned by 2 families of coffee growers, now in the fourth generation. The farms have 450 coffee plants spread over 350 hectares located in remote areas of the Nicaraguan jungle. They have over 200 permanent staff and employ up to 2,000 seasonal workers for the harvest depending on the yield. Ramacafé uses the best agricultural techniques, making the most of the knowledge of the people who work, live and harvest the coffee. The shade-grown coffee plantations are cultivated in an environment in harmony with biodiversity. Different types of shade trees protect the coffee plants from stress in the summer months and heavy rainfall in the winter. They also help prevent soil erosion. Ramacafé coffee beans mature slowly, thus ensuring the sugar content that gives the coffee its special sweet aftertaste. Hand-picking is customary, and harvesters are trained and encouraged to pick only the red berries. The quality of the coffees has been achieved through a continuous process of improvement at every phase of production, and the wet mill is one of the most important aspects of this commitment. The company built the mill not only to ensure quality, but also to protect the environment and conserve natural resources. Operated under ecological principles, the mill uses the least possible amount of water and separates the pulp for subsequent use as fertilizer. After surplus water has been drained off, coffee pulp is turned into humus by red California worms. This humus, along with nitrogen deriving from the organic material coming from the pruning of

“...We were looking to invest in the long run to increase our production by 100 hectares. LAAD and its representatives have always been very interested and involved in the success of our project. Their support has allowed us to develop our activity and use the latest coffee-growing technologies as well as the best varieties, helping us to become very competitive in the coffee industry. Also we could count on their flexibility during the rust outbreak. They provided us a breather in principal payments and granted us the required funds to renew our plantations with resistant and more productive varieties. Today we have the biggest F1-hybrid plantations and own the only seedling bank for the new Marsellesa variety, considered the best alternative in the fight against rust fungus on account of its resilience to this damaging disease.”

Henry and Gabriela Hueck, one of the founding families owning Ramacafé
shade trees, helps to protect the natural balance. Quality is as important as traceability. Seven fermentation tanks process different qualities of beans without mixing them. Ramacafé is certified by the RAINFOREST ALLIANCE – AAA – NESPRESSO, STARBUCKS and UTZ, and is working with various institutions such as UNILEVER and universities in the development of a so-called COOL FARM TOOL to measure their carbon footprint. Ramacafé’s buyers are carbon neutral and the company strives to make its own production carbon neutral as well.

A flexible partner adapting to the complex and changing environment of coffee growing

The Latin American Agribusiness Development Corporation (LAAD) is a financial institution that provides medium- and long-term loans, as well as short-term working capital loans for crop financing, primarily to family-owned or -operated businesses. The projects involve all phases of production, processing, storage, services, technology and marketing in the fields of agriculture, livestock, forestry and fishing. LAAD aims to promote the development of a sound and competitive agricultural sector in Central America. Most loans range from USD 200,000 to USD 4 million. Emphasis has never been placed solely on increasing production, but also on building and improving. BIO has granted a USD 10 million loan facility to LAAD to further grow its agribusiness portfolio in Latin America.

Maintaining and transmitting people know-how

Ramacafe strongly believes in social responsibility: providing fair wages, individual

"Agriculture represents 20% of Nicaraguan GDP and 29% of employment. The agribusiness sector in Nicaragua is currently going through a very positive period. Due to high commodity prices, the sector has been able to invest in infrastructure, machinery and overall improvements that have increased productivity and competitiveness. Moreover, these investments have allowed Nicaragua to produce high quality products that are very well received on the international markets. Locally, it is Nicaragua’s most important sector, generating a significant amount of jobs and foreign exchange. LAAD is a true believer that people are the backbone of every project. Thus, the first and most important criterion in judging a project is who is the person behind the project. Once we feel comfortable about project ownership and management, we continue with the environmental and social, financial, industry and collateral analysis. When considering a project for approval, we start by inspecting the property and project for social and environmental compliance, using LAAD’s Social and Environmental Management System (SEMS). Moreover, we request local and when possible international environmental and social certifications.

Eduardo Marin, Investment Manager, LAAD Nicaragua
confirming this compliance. Once approved, we monitor compliance through periodic visits to the projects.
LAAD management is known for having a very close and personal relationship with its clients. Our clients consider this to be one of LAAD’s biggest benefits. This relationship allows us to have better access and thus to be better informed about the project. We can better manage the risks involved, in many cases preventing problems rather than just reacting to them.
The most recent example is LAAD’s response to the “rust” epidemic affecting the coffee industry. Due to it, some of LAAD’s coffee clients will probably suffer a decline in cash flow over the next few years due to lower productivity and increased replanting. To help such clients, LAAD will be looking at renegotiating principal payments and providing emergency funds for replanting.

This rapid response will provide financial relief and support to our clients, allowing them to service their loans properly. Although LAAD’s support in the rust crisis is not yet being felt, it will be in the next few years. These coffee projects will receive the necessary breather in principal payments and the required funds to replant their plantations with resistant and more productive varieties. These resistant coffee plantations will in turn decrease fertilizer and pesticide use, thus reducing negative environmental and social impacts. Also, by supporting these companies, coffee production will be maintained to a certain extent, thus preventing lay-offs and drops in export revenues and the resultant negative social impact for Nicaragua.”

Women play a leading role at Ramacafe: the company is continually working on different scenarios for their participation, training is provided and the principles of equal opportunities are widely respected. To further enhance this role, Ramacafe has designed the “Con Manos de Mujer” program. Promoted by MAYACERT S.A., a reputed multi-certification company well-known in Mexico, Central America and Colombia, the aim of “Con Manos de Mujer” is to set social and production standards in different agricultural products and crops, processed goods, crafts, etc. The label seeks to reward production systems based on a Gender Equality principle, and to encourage women to improve the economic, production and environmental conditions for everyone involved in the production chain.

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housing for the permanent staff, access to quality food and good education - not only for children but also for adults. Ramacafe sponsors scholarship programs and provides medical care for the people in nearby communities. The company also invests in social programs, cultural activities and sporting events. It promotes community integration, sharing social concerns and supporting educational policies.

The farms are managed by the best agronomists in the country, who always focus on environmentally sustainable practices. They carry out soil fertility tests every year with the aim of minimizing the use of fertilizers and other agronomic products. Equipment is calibrated before use, and every parcel checked in a disciplined manner to avoid using more fertilizer than necessary.
NCA

A family business back on track

- **Company**: NCA Rouiba (Nouvelle Conserverie Algérienne Rouiba), established in 1966 (www.rouiba.com.dz)
- **Investment Fund**: AfricInvest-TunInvest, a private equity investor, committed to investing in growing African SMEs
- **Sector**: Agribusiness
- **Business Focus**: Fruit juices
- **Size**: Turnover EUR 60 million (2012); Employees 480; 85 million litres
- **Investment**: AfricInvest holds a 36.88% stake in the company

- **Region**: North-Africa
- **Country**: Algeria
A successful restructuring operation

The family business NCA Rouiba ("NCA") is located 25 km east of Algiers. Its activities have evolved from tinned tomatoes and harissa to jam and, from 1989 onwards, to fruit nectars and non-carbonated drinks. In 2004, NCA began UHT milk pouch production, investing considerable amounts. However, sales never reached the levels expected and at the instigation of Mr. Slim Othmani (son of the founder, Mr. Salah Othmani) the company decided the time had come to look for a partner to ensure its continuing viability, despite certain reservations on the part of a number of longstanding family shareholders. At this difficult (and risky) moment the company was also repaying an additional loan from local banks.

Mr. Othmani engaged in month-long discussions with representatives of the AfricInvest Fund, first to understand the logic of private equity fund interventions and next to ensure that the Fund’s intervention would be perfectly in line with his vision of the company’s evolution in the twin areas of its management and the planned developments. The NCA directors found in AfricInvest a partner who had faith in them and understood all the complexities of running a family business. The Fund’s participation in NCA’s capital in 2005 led to a strategic reorientation and the implementation of a programme of industrial restructuring. The decision was taken to focus exclusively on fruit juices. With the help of AfricInvest, NCA Rouiba was able to negotiate with its supplier Tetra Pak the trade-in of its dedicated milk-filling equipment for a production line for juice cartons. This change of direction was followed by a sales relaunch campaign in 2008 and following years. Today NCA is one of the most dynamic private enterprises in Algeria, with turnover reaching ca. EUR 60 million in 2012 and with staff of 480. Its financial situation is now healthy. Production is exclusively for the Algerian market where its brand Rouiba is extremely popular.

A solid and reliable fellow traveller

AfricInvest is an investment fund dedicated to supporting SMEs in Sub-Saharan Africa and North Africa. It has already provided support to 17 companies in various sectors. BIO has invested EUR 5 million in equity in AfricInvest back in 2004. The Fund aims to promote sustainable growth, accountability, governance and transparency for the benefit of all parties involved. By virtue of its solid regional embeddedness and its extensive network, AfricInvest has a sound knowledge of local SMEs and the environment in which they are growing. Its approach consists of helping these SMEs to comply with social and environmental regulations and to integrate into the local community in which they operate, all the while improving company performance.

No economic success without social and environmental accountability

NCA underwent significant changes following AfricInvest’s intervention in terms of its organisational structure and its strategy.
One of the first jobs was to reorganise the company’s research and development with the aim of stabilising the juice formulas, thereby ensuring flavour consistency. The company also ensured consistent quality by building up close relations with juice concentrate suppliers.

In terms of environmental standards, NCA has also made considerable progress, obtaining ISO14001 certification and the 2008 Environmental Prize from the Ministry of Land Management, Environment and Tourism.

From a social perspective, it has set up a Hygiene, Security and Environment department committed to respecting hygiene and food security standards as well as workplace ergonomics. In 2013, this work culminated in the award of the ISO22000 certificate for food safety. This standard specifies requirements concerning a management system for the safety of foodstuffs in the food chain, with an emphasis on staff skills and the ongoing examination of information regarding food products (new laws, norms, regulations, etc.).

“The investment in NCA fits perfectly within our strategy: a well-established family business showing significant potential for development and regional expansion, but which has been held back by a precarious financial situation and as a consequence was unable to get more financing from local banks. Our role has been to shore up their internal funds and their management capacities, to improve transparency and governance, but also to restructure their activities which were no longer profitable and which were jeopardising their long-term existence. In fact, at the time AfricInvest intervened, NCA’s financial situation was undermined by large amounts of debt and a negative net bottom line, largely due to poor margins on material costs for the milk and canned foods. The funds injected by AfricInvest, more than 2.9 million Euros, were intended to reduce this debt and support the programme of commercial growth. NCA has now become a dynamic and profitable organisation, aware of its responsibilities and duties, and with a clear strategic vision. It is preparing to be listed on the Algerian stock market and we hope it will serve as a model and also contribute to motivating the financial market in Algeria to make a serious contribution to financing local SMEs.”

Mehdi Gharbi, Director, Associate of AfricInvest
In addition, thanks to the growth of its activities, NCA has not only been able to create new jobs, but is also devoting more than 2% of its turnover to training, enabling its teams and management to acquire international skills and expertise. A new salary scale has been implemented which allows for all salaries to be linked to results, thus raising average salaries above the national average in their respective categories.

More than 10% of NCA staff are women and there are plans to double this number. As a result of its commitment to gender equality, it is also one of the 20 companies selected to take part in a pilot project in the MENA region on the implementation of ISO26000 (international standard on social responsibility), for which it will also soon receive certification.

“ AfricInvest was and still is a major partner in the development of our family enterprise. They believed in us by giving us the necessary funds to relaunch our enterprise, but also acted as a catalyst in reorganising and professionalising the company. We immediately sensed that we could trust them and that they had the experience and expertise necessary for putting our business back on the rails. Their ability to understand the complex nature of a family business and their close involvement at all decision-making levels have helped us redesign our strategy and improve our performance. They have supported us in our industrial restructuring and in the commercial relaunch that followed. We were also able to benefit from their assistance in terms of structuring long-term funding in the local currency with the EIB, which also then became our primary foreign funds donor.

From an organisational point of view, they helped us put in place a whole series of decision-making bodies and to adopt a code of governance as well as internal regulations. The strict adherence to the very stringent rules of governance has had a positive impact on our effectiveness and efficiency. Moreover, the increase in our turnover has logically increased our tax payments and we are committed to respecting our obligations and serving as a benchmark.”

Slim Othmani, Chairman of the Board, NCA

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Masaka Farms
Entrepreneurship drives development

- **Company**: Masaka Farms, established in 2008 (www.masakafarms.org)
- **Sector**: Agriculture
- **Business focus**: Dairy products, restaurant
- **Employees**: 14
- **Investment**: Cogebanque supported the development of the farming activity and the renovation of the restaurant
- **BIO investment**: USD 2 million in equity in Cogebanque

- **Region**: Central Africa
- **Country**: Rwanda
Quality dairy products in Kigali

Masaka Farms Dairy started up in May 2008 for the small-scale production of yogurt and fresh cream. 10 January 2010 saw the incorporation of Masaka Farms Ltd, with the production of dairy products - yogurt, fresh cream, cheese and butter - as its main activity. The dairy is located in an agricultural-grazing area of Rusororo Sector, Gasobo district, on a 6-acre site. Climatic conditions in this area favour animal husbandry, and are hence ideal for dairy farming.

The processing facility is located on a hill, in compliance with the Rwanda Environmental Management Authority (REMA) wetlands standards which are aimed at enhancing drainage. The surrounding lowland is host to a herd of 11 dairy cows and 22 pigs. The dairy cows supplement the supply of raw milk to the processing plant. Local farmers supply milk to Masaka Farms Ltd every day.

Entrepreneurship at its best

A true entrepreneur, Serge Nsanawe first opened the Papyrus restaurant where he employed former child soldiers with the aim of reintegrating them into society through teaching them certain skills and providing them with their own revenue.

Rwanda has a strong dairy farming culture.
To meet the needs of a growing middle class

“We approached Cogebanque for a loan to start our activities. This covered the completion of the construction work, the purchase of equipment and provided us with a small cash flow. They have good knowledge of the local market and can provide flexible solutions for entrepreneurs like me who have strong business cases but lack the resources to make them reality.”

Serge Nsanawe, CEO Masaka Farms
and flourishing tourism sector, Serge got the idea to create Masaka Farms with an Italian partner. He identified a business opportunity to produce high-quality value-added dairy products (Montasio, ricotta, mozzarella cheese, fresh low-fat milk, plain yogurt, and fresh cream) in Rwanda. Serge trained in Italy to learn the secrets of high quality Italian cheese, and came back with knowledge and skills to develop fine products for the Rwandan market. After a difficult start due to storage and quality issues, he managed to produce a full range of dairy products.

Nowadays, Masaka Farms is one of Rwanda’s finest dairy companies, with its products available in every wholesale supermarket and retailers.

“With BIO’s support, we have increased our SME lending portfolio and now have a dedicated SME department to meet the specific requirements of entrepreneurs. We have put in place a strong due diligence and monitoring process for financing applications. Obviously the feasibility of the project is key, but other criteria are equally essential like repayment capacity, client track records, and collateral. In addition, all clients must produce the Environmental Impact Assessment Certificate issued by the Rwanda Environmental Management Agency. From a social perspective, job creation and the implementation of a human resource policy are also important criteria that can affect the financing decision. Clients are closely supervised through regular field visits and monitoring reports on their situation and financials, allowing us to react quickly whenever needed.”

Louis de Monfort Mujyambere, Head of Credit Cogebanque
Rwanda Mountain Tea

From tea to hydro-energy

- **Company:** Rwanda Mountain Tea, established in 2005 (www.rwandamountaintea.com)
- **Sector:** Agriculture and renewable energy
- **Business focus:** Tea and hydro power
- **BIO investment:** EUR 700,000 (tea); EUR 2,000,000 (hydro)
- **BIO technical assistance:** EUR 200 k (hydro power), EUR 30,000 (tea)
- **Region:** Central Africa
- **Country:** Rwanda
Rebirth of the tea sector

Rwanda Mountain Tea Ltd (RMT) is an investor in tea plantations and tea processing facilities. Under its privatization policy, the Government of Rwanda sold to RMT its controlling shares (90%) in the two tea estates of Nyabihu and Rubaya in 2006. The other 10% were transferred to out-grower tea farmers, who produce tea on their own land and sell the leaves to the factory. The Rubaya and Nyabihu tea plantations are situated in the north-western mountains of Rwanda, the home of the majestic silverback gorillas.

The objective of the privatization was to strengthen the tea sector by encouraging private investment capable of bringing in the expertise needed to improve the competitiveness of Rwandan teas on the global market. Back in 2008, BIO granted a loan to RMT for refurbishing the Nyabihu tea unit and expanding the plantation area. Since refurbishment, factory revenues have grown from USD 2.5 million in 2009 to USD 3.9 million in 2012. Market prices have been improving thanks to the various investments made.

In the years thereafter, still in the context of privatization, RMT acquired shares in three other Rwandan tea companies and also set up Rwanda Tea Packers, a company selling tea in value-added form (tea bags for local, regional and export markets). Currently RMT is developing a new tea factory project in the western province.

“We approached BIO because we knew it to be a reliable partner understanding our needs and able to provide more than just money. With BIO’s help, we have been able to expand the Nyabihu Tea Factory and thus achieve a positive impact on revenues, production and employment. The factory now has a permanent staff of 80 people and provides employment to 2,000 – 3,000 casual workers on a monthly basis.

On taking the decision to implement the 4 MW hydropower project on the River Giciye, we could still rely on BIO’s involvement throughout the process, in terms not just of capital finance, but also of technical assistance and advisory services. We enjoy BIO’s flexibility, support and quick feedback even long after disbursement. We have witnessed BIO’s meticulousness during site visits and their willingness to understand the projects and advise us accordingly.”

Ephraim Turahirwa, General Manager, Rwanda Mountain Tea
With energy needs soaring on account of the increase in tea production, RMT launched an innovative project in 2011: the Giciye 4 MW hydropower project, co-financed by BIO.

**Access to clean energy for businesses and the local population**

Rwanda is facing an energy deficit of around 100 MW. Less than 10% of Rwandan households have access to electricity and per capita electricity consumption is among the lowest in the world, while Kwh prices are amongst the highest.

As part of its overall strategy RMT took steps to increase tea production with the planting of new land and through encouraging villagers to expand their planted areas. This increased production necessitated an increase in factory capacity, in turn entailing additional energy costs. As energy is a major price factor in the manufacturing process, RMT was looking for ways to reduce its power bill. Since the Nyabihu and Rubaya plantations border the Gishwati forests, the source of the Giciye River, and several streams flow through the plantations, thought was given to tapping this water for producing clean energy. Development of the Giciye hydropower project was considered a worthwhile way of achieving both the RMT’s and national objectives. With assistance from GTIEA (Greening the Tea Industry in East Africa), a small hydropower initiative supported by the GEF
(Global Environmental Facility) and executed by the EATTA (East African Tea Trade Association), a feasibility study was conducted that confirmed the project’s economic viability.

The Giciye hydropower plant (currently under construction) will have an installed capacity of 4 MW, greatly boosting Rwanda’s currently installed energy capacity of 85 MW. Its projected annual output is 16 million kWh, thereby avoiding an annual 12,000 tons of carbon emissions. The generated power will be supplied to the nearby national grid at an agreed price per unit, and will consequently benefit the local population and enterprises. The power used by the RMT tea factories will be billed by the national energy company to RMT at a lower than normal rate taking the hydro project into account. The RMT tea factories together use an annual 6 million kWh (37.5% of projected production).

The Government of Rwanda has been very supportive of the project, facilitating the granting of permits from the different agencies and providing assistance in the construction of the transmission line and site access road. Construction commenced in March 2012 and energy production is expected to start in May 2014. RMT intends to develop a second hydropower project a few kilometers downstream of the present site, following completion of a feasibility study.

**Committed to the local communities**

RMT provides some 15,000 direct and indirect jobs to the rural communities. It buys green leaf from 4,000 local farmers, ensuring a year-round market for their yield.

The company also participates in the National Program ‘One Cow per Family’, donating livestock to needy families every year.

**Tea projects**

The expansion of the Nyabihu tea factory (financed by BIO) has had a positive impact on revenues, production and employment. The factory now employs 80 employees on a permanent basis (up from 39 in 2009) and 2,000 - 3,000 casual workers on a monthly basis. RMT provides training to its employees in the areas of food safety and standards to equip employees with the required skills to improve production and quality. Training courses are arranged in the form of study tours to a number of selected Kenyan factories, or held in-house.

The factories comply with environmentally friendly procedures set by REMA (Rwanda Environment Management Authority). One of the tea companies, Kitabi Tea Company, has secured Rain Forest Alliance certification, and the Rubaya and Nyabihu plantations have also applied for certification. All RMT companies hold Pesticides Residue Certificates. Both Rubaya and Kitabi received ISO22000:2005 certification in early 2013.

**Hydro project**

On average, 400 - 500 people are employed daily in the construction of the hydropower station. After completion, there will be some 15 people working permanently on the site and several more on an ad hoc basis, essentially for maintaining the site and the surrounding areas.

RMT plans to cultivate tea in the areas located above the project site to prevent soil erosion. Villagers will also be encouraged to grow tea in these areas, allowing them to increase their income. The project has led to a substantial development of the local infrastructure in terms of transport facilities, which in turn has increased local commercial activity.
Gocongo

Improving availability of quality food

- **Company:** Gocongo, established in 2008 (www.gocongo.cd)
- **Sector:** Agriculture
- **Business focus:** Vegetables
- **BIO investment:** EUR 4 million

- **Region:** Central Africa
- **Country:** Democratic Republic of the Congo
Stimulating local agriculture and availability of quality food

Gocongo is a commercial farming venture established in 2008 under Congolese law. It grows high-quality vegetables in Katanga sold at competitive prices. With this project, BIO wants to demonstrate that crop growing for local consumption can be sustainable and profitable, in a region where the mining sector has attracted huge foreign investment whereas local agriculture is largely undeveloped. Moreover, Gocongo has put in place programmes for the rural community with the aim of providing basic education to children and training adults in the fields of agriculture techniques and health issues. A cooperative recently established on the farm site also encourages local smallholders to improve and increase their own crop production.

Fighting food insecurity

Food insecurity remains a major global concern in 2012, with almost 1 billion people suffering from starvation and malnutrition. Food insecurity stems from insufficient food production, availability, and intake; but also from the poor quality or nutritional value of food. Climate change, natural disasters, rising food prices, infrastructure deficits and the lack of modern and efficient farming methods are having a drastic impact on food availability and quality. One of the key messages of the FAO’s latest report “The State of Food Insecurity in the World 2012” highlights the fact that agricultural growth is particularly effective in fighting food insecurity.

Story of Vincent and Marie-Louise

Vincent and Marie-Louise are married together and live in the village of Kafindo in a rural area in the Katanga region. They live in a thatch-roofed hut, and they have 4 children. In August this year, when they heard that Gocongo was training farmers to work in cooperatives, they decided to join - along with 14 others. They received technical agricultural training, as well as on-field support from Gocongo field officers. Vincent also became secretary of the Mapendo cooperative which this season is focusing on tomatoes. For Vincent and his wife this was the first time they had worked in agriculture. They have learnt the advantages and strengths of being part of a cooperative and have been taught how to farm vegetables, how to work together with others, as well as how to market the products in a profitable way. After a few months, Vincent and Marie-Louise have harvested and sold their tomatoes and are very happy with their earnings. Unlike previous years, they can now afford to buy enough food for the household and are able to plan for the future. They’ve provided for their four children’s schooling and education, and also hired people to cultivate a large field of maize, for which they’ve acquired seeds and fertilizers. They are now ready to start a new season with their group, gradually and sustainably gaining more experience and attracting more members to the cooperative.
reducing hunger and malnutrition, as most of the extreme poor depend on agriculture and related activities for a significant part of their livelihoods. Even though governments are responsible for putting in place effective policies and creating an economic environment conducive to agricultural development, private initiatives can play a demonstrating role by introducing modern and efficient farming techniques, building local capacity and know-how, creating decent employment, increasing the income of the local population, and providing access to quality food at affordable prices to the detriment of imports.

Improving production and skills

Gocongo operates a high capacity farming activity (potatoes, onions and tomatoes) and implements efficient sustainable farming methods based on state-of-the-art management practices and modern equipment. The farm will eventually produce nearly 40,000 tons per year on a cleared and irrigated area of about 4,000 hectares. Until recently, almost all vegetables consumed in the DRC were imported from Zambia, Tanzania and South Africa, while in 2012 roughly 50% of potatoes and 25% of onions were produced locally. Gocongo sells its production directly to the market through its on-site sales point, making the vegetables available to the local population at affordable prices. Furthermore, the company provides local employment, but also expertise and training to local workers.

Stimulating the local farming activity

Gocongo started to build up a farmers’ cooperative in late 2011 to stimulate local crop growing by bringing affordable high quality resources and services to local smallholders. Today, 50 farmers now belong to 4 cooperative groups set up in the villages of Kafindo, Minga, Kakana and Mutata. The cooperative provides training in modern farming techniques and access to farming resources such as seeds, fertilizer and farming tools. The farmers can also benefit from such infrastructure facilities as cold storage, transportation, etc., and develop skills in the field of sales and product marketing. The training facilitates the much-needed diversification of their production, as most smallholders solely grow cassava and corn for their own consumption, thus limiting their nutritional intake. Farmers are also taught how to plan their fields, produce a variety of vegetables, increase their yields, and fight plant diseases.

Empowering the local community through education and capacity building

Through the Gocongo Foundation¹, a non-governmental community development organization established by Gocongo in the Democratic Republic of Congo in 2010, the company focuses on the well-being of its workers, their families and their communities through different programmes targeting local needs such as agriculture, health and literacy, with a particular focus on women and children. The Foundation runs a small health centre which raises awareness for the importance of vaccinations, general nutrition, hygiene, and diseases and their prevention through basic public health measures.

It has also built a school in a rural setting to provide education to the children of the surrounding areas. The school currently employs 6 full-time teachers (plus a number of interns), providing schooling to around 70 children at kindergarten level, 100 students at primary school level, and 60 young people in literacy classes. There are now 6 classrooms, built year for year. The plan is to add additional classes each year and to eventually start a secondary school focused on agriculture and education.

¹ More information on http://www.foundation.gocongo.cd/
BIO plays a key role in the financing of private sector activities. In this respect, BIO’s embedding in the Belgian Development Cooperation is a central element in the Belgian state’s general policy memorandum “Public Companies, Scientific Policy and Development Cooperation, in charge of Major Urban Centres”. The objectives of BIO’s activities must be aligned with and relevant to the priorities of Belgian Development Cooperation by creating synergies with other actors in the sector and integrating ‘sustainable human development’ in all aspects of BIO’s investment projects. A nice example of this alignment of BIO and Belgian bilateral cooperation is the Gocongo project in RDC, which concentrates on farming as one of the three priorities of Belgian bilateral cooperation. Gocongo benefits from an important investment by BIO and makes an effective contribution to the social and economic development of the population of the province of Katanga, specifically in the fields of local employment and the structuring and organisation of the rural communities in the surroundings of the farming operation. The guidelines set out in the Belgian strategic memorandum for the agricultural sector and food security are a central focus of the investment plan. Each of the four prioritised areas of intervention has its place in the project: 1) improving and securing agricultural production and agricultural productivity in the light of sustainable development, 2) improving the value chain and ensuring market access, 3) reinforcing the state, civil society and agricultural organisations and 4) empowering women in rural areas. From an economic perspective, the company is very important in the local production of vegetables and food crops. By bringing their products directly to the market, they make them more accessible to the local population at affordable prices. Thanks to the refrigerated storage spaces for potatoes, tomatoes and onions, the production can be brought to market over a period of time, which encourages price stabilisation for these basic products. Gocongo also plays an important role in creating local employment opportunities and invests in training local people in certain professions (field workers, mechanics and supervisors), thus supporting the local economy.

Development Cooperation attaché Kathelyne Craenen shares her feelings about the Gocongo project

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The company is also involved in the establishment of an agricultural cooperative which will be responsible for supporting local farming groups (10-15 members per group). This is done by means of training sessions in the field of good farming practices, by granting access to the purchase of refined seeds, fertilisers and chemical products (necessary to fight/prevent diseases but used as sparingly as possible) and by sales support (how to conduct market analyses). In this fashion, a relationship is developed between the company which will be responsible for the extensive production of essential crops and the farming groups that will ensure a more diversified approach. Both the creation of employment opportunities and the upgrading of family farms contribute to the food security of the local population. In this endeavour, women in particular receive strong support.

The project moreover has a social aspect which deserves mentioning. There is the primary school for the workers’ children, which now has 200 pupils enrolled. The children are taught the standard curriculum, but special attention is also being paid to promoting environmental protection and a healthy lifestyle for the youngsters: the curriculum includes sports (there is a football pitch and a playground area), pupils are offered a daily lunch consisting of produce from the farm supplemented with the necessary vitamins and there is a medical service for potential work accidents and minor health problems that may occur among the workers and their families.

The Goongo project is a beautiful example of the synergy between private investment and Belgian Development Cooperation, with credit supplied by BIO in a sector which is a priority all over Central Africa.
TBEC

Clean energy from wastewater

- **Company**: TBEC, established in 2003 (www.tbec.co.th)
- **Sector**: Clean energy
- **Business focus**: Biogas energy from wastewater
- **Size**: Employees 109
- **BIO investment**: EUR 1.37 million

- **Region**: South-East Asia
- **Country**: Lao PDR
Reduction of GHG emissions and improvement of the population’s living standards

Lao Indochina Group Co Ltd (LIG) is a 100% Lao company specialised in cassava starch, commonly known as “tapioca”. Tapioca is used worldwide as a thickening agent and demand is very high. Its factory’s total capacity is 2,400 tons of fresh cassava a day, equal to an output of up to 600 tons of tapioca. LIG is located in Naxon Village, Pak Ngum, Vientiane, and sources cassava from a plantation area of about 13,500 hectares, purchased mainly from smallholders.

LIG has started collaboration with TBEC, a Thai company specialized in biogas, to build a plant generating biogas from its wastewater and thus replacing the coal used up to now by clean and cheap energy. Biogas is a form of renewable energy produced through the biological treatment of waste products such as animal manure or wastewater from farms, converting it into combustible methane. There are several examples in Indochina where the open ponds of agricultural factories have leaked into rivers or water reservoirs. As the pond water contains high levels of biomass suitable for anaerobic digestion, such wastewater spills.

“Our cassava plantation promotion approach follows the 2+3 formula. This means villagers account for plantation soil and labor while the investing companies are responsible for soil preparation, seed provision, technical assistance and buying of the product. We want to contribute to the effort by the Lao government to alleviate poverty. Tapioca can be adapted into various products such as, seasoning powder, 90 degree alcohol, candies, sweet, glue, noodles, white noodles, food seasoning, and it can be used in industrial factories in producing paper composites, cloth and others. The left-over cassava from the tapioca production process is used to produce fertilizer and food extract for live stocks. Our efforts to ease and facilitate the cassava plantation result in an increasing number of villagers engaging in this plantation as individuals and groups. In the near future, we have plans to open larger factories to accommodate increasing cassava yield from villagers. At present, Lao Indochina has over 13,500 hectares of farmers’ land planted with cassava, in 14 districts and 173 villages, covering more than 5,000 families. With our factory buying their crops, the local farmers will see their income increase significantly.”

Nanthalath Thirakul, CFO, Lao Indochina Group
make the water resources anaerobic, killing off all living organisms except the bacteria. As a result, local communities, especially fishermen, are severely affected, becoming unable to gain their livelihood. Biogas moreover brings an efficient solution to the problems of open ponds by stopping air pollution, as biogas is captured and utilised.

The biogas plant was officially inaugurated in early February 2013. Operated by TBEC, it anaerobically1 treats wastewater and captures biogas, which is then sold back to LIG as a replacement for coal, at reduced prices. As a result, the tapioca factory will profit from cheaper and clean fuel available at all times, thus cutting its greenhouse gas emissions by up to 60,000 tonnes of CO2 a year, equal to the exhaust emissions of 20,000 cars. It will also allow the quality of LIG wastewater to be controlled in terms of organic contents, eliminating smells and preventing hydrogen sulphide from being released into the air.

The project is expected to be able to generate as much as 90 million m3 of biogas, equivalent to 175 million liters of heavy fuel oil during the lifetime of the plant. The treatment process involves the anaerobic digestion of biodegradable substances, resulting in a biogas mixture largely (50-70 percent) composed of methane (CH4).

Besides the environmental impact, the project will create direct employment for nearby residents and bring in new technology. Also, the increased efficiency of the tapioca factory will improve the competitiveness of the national starch industry.

1. Can you briefly describe the history of your company?
Thai Biogas Energy Co., Ltd. (TBEC) was founded on 24 September 2003 for the purpose of building, owning and operating projects that produce biogas for heat and electricity generation, using wastewater discharged from agricultural industries as raw material. TBEC focused on Thailand in the early years, building wastewater-to-biogas projects in Rayong, Kalasin, Saraburi, Udon Thani and Surat Thani. The TBEC-LIG Biogas project in Lao PDR, conducted in co-operation with BIO, is our first cross-border project.

2. Why did you apply for BIO financing?
We have a history of working closely with EDFIs. In earlier years we were financed by Finnfund and Proparco. As we were planning new projects in Lao PDR and needed additional financing, it seemed natural to expand our cooperation with BIO, especially since we share many values with them. Also, as we have a

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1 Anaerobic digestion is a bacterial process that is carried out in the absence of oxygen. One of its major features is the production of biogas.
quality management system based on ISO 9001, ISO 14001 and OHSAS 18001, we already met many of BIO’s criteria.

3. Are local banks keen to provide long-term financing (including sufficient grace periods for loan repayments) to SMEs?
Locally it is difficult to source loans with long enough terms and grace periods to make biogas projects feasible. Local banks can hardly provide more than 7-year loans including a grace period. Even more importantly they are not familiar enough with biogas and do not value the environmental benefits of the projects.

4. How do you value BIO’s involvement in your company’s growth, results, professionalization, know-how, etc.?
We value very highly the support of BIO in terms of making affordable funding available in Lao PDR and were impressed by the efficient documentation process to reach our loan agreement. We look forward to a hitch-free partnership.

5. How did you assess the project’s environmental impact?
Our projects are developed under the Clean Development Mechanism. For projects of this size, one of the criteria involves performing an Initial Environmental Evaluation (IEE). We developed the IEE together with EDFIs to include social and quality aspects. Our IEE assesses the situation prior to the initiation of a project, identifies national and international relevant standards including IFC performance standards and lays out how to address any environmental concerns. We use third parties to assess groundwater characteristics for instance and to ensure that we comply with the appropriate standards.

6. How many people did the project employ during construction, and how many will it employ after completion?
During construction the project employed 83 persons. After completion the project will employ 15 persons.

7. Do you provide training to your employees? What type of training?
Courses relate to each employee’s responsibilities and we also provide on-the-job training. For new projects we send employees to one of our 7 operating plants to gain practical experience.

8. What is the percentage of women working in your company and do you have a specific gender policy?
As our projects involve mainly engineering and design, most of our employees are male (about 20% are women). We have no gender policy other than providing equal opportunities to everyone regardless of gender.

9. Have you put in place environmentally-friendly procedures or social initiatives?
Our projects ensure efficient wastewater treatment, eliminate the pungent smell of open ponds, improve air quality and the living environment, protect water resources and the livelihood of local individuals who depend on them, provide clean fuel and reduce greenhouse gas emissions by more than 300,000 tonnes of CO₂ per year. So the projects themselves are very environmentally friendly.
On the social side, we have initiated several projects such as the construction of a playground for the local community’s children with recycled left-over construction material (e.g. pipes and HDPE cover sheets).
Grand Place Vietnam is the first and leading chocolate manufacturer in Vietnam. BIO agreed to a loan facility to the company back in 2008 to start a new factory, and granted a subsidy for a technical assistance programme aiming at improving the quality of locally produced cocoa beans, which are now used in the manufacturing process. The expansion of Grand Place today demonstrates the catalytic role played by BIO, who was the first investor to believe in the potential of the company.

“GROWING CASSAVA FOR COMMERCIAL SALE IS HELPING TO IMPROVE VILLAGERS’ LIVING STANDARDS IN HOM DISTRICT, VIENTIANE PROVINCE.”

> P 31
Long term vision

- INVEST IN SUSTAINABLE PROJECTS
- SHARE KNOWLEDGE AND PROVIDE TECHNICAL ASSISTANCE
- PROMOTE ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

Overview of 2012

- Team
- Board of Directors
- Report of the Board of Directors
At 31.12.2012, the BIO Board of Directors comprises 12 members of whom 9 were appointed upon introduction by the State and 3 by SBI (Société belge d’Investissement international).

The Board of Directors 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 for the Budget and the other by the Minister for Development Cooperation, assist the Board of Directors in ensuring that funds made available by the State are well-managed.

The Board is supported by the Investment, Audit, and Remuneration committees to carry out its mandate. During the 12 meetings held in 2012, the Board handled a variety of issues such as strategic and operational directions, as well as investment decisions.
Report of the Board

Milestones 2012

Results in terms of development impact

Via its investments and its co-funding of feasibility studies and technical assistance programmes, BIO has been able to increase the support it gives to developing the private sector in Africa, Asia and Latin America. 2012 saw us approving 29 new investments for a total of EUR 145 million, 12 feasibility studies and 13 technical assistance programmes. A large slice of BIO funds went to intermediate structures, as direct investment projects under EUR 1 million are difficult to manage from Belgium and entail management costs too high in relation to the amounts invested. These intermediate funds, banks and other financial institutions all have their own professional teams and knowledge of local markets, enabling them in turn to grant funding tailored to SMEs, while at the same time supporting the development of these SMEs in the form of advisory services, support and tight monitoring. The 18 financial institutions in which BIO invested in 2012 support hundreds of SMEs through funding tailored to specific local circumstances. In doing so, they act as solid and reliable partners for these companies.

BIO interventions can have a significant impact on the development of a local economy, especially through the creation of new jobs and income for the government. They target energy supplies, reducing the isolation of local populations, providing help to SMEs and farmers, and supporting the development of the financial sector. By way of illustration, the companies and financial institutions supported by BIO in 2012 helped support more than 50,000 local jobs. Moreover, since 2012, BIO has directly or indirectly supported nearly 240,000 jobs.

The concrete impact of BIO interventions can also be measured via the criteria used by the Belgian Development Cooperation Agency, whether with regard to institutional and management capacity building, the economic and social impact, the technical and financial feasibility of projects, the attention paid to gender equality or respect for / protection of the environment. Translated into concrete terms, this sees BIO funding training programmes for its partners and their employees, contributing to technology and knowledge transfer at a local level and helping increase tax revenues through the creation of added value.

Institutional developments

From an institutional point of view, 2012 was a pivotal year for BIO, marked by a public debate on our methods and the impact our work has, and by the initiation of discussions with our shareholders (the Belgian State and SBI, the Belgian Corporation for International
Investment) on the necessity of better matching BIO interventions to the constantly changing needs of SMEs in developing countries.

This debate started up in early 2012, following press and NGO reports on the development impact of our work and BIO’s use of intermediate investment funds based in offshore financial centres (OFCs).

BIO responded to this criticism by pointing out that:

• Its considerable and very effective support has benefited thousands of SMEs since its establishment;

• The intermediate funds are at present indispensable channels for investing in such companies at a local and rural level. These funds are often based in OFCs as the latter offer a guarantee of stability for investors with different backgrounds and a convenient framework for channelling funds to a larger number of SMEs in countries where the local financial system is not yet fully developed. BIO, these funds and their beneficiaries are in no way involved in the regrettable practices often associated with certain OFCs. In this context, BIO works exclusively with funds located in jurisdictions which, in the view of the OECD, benefit from a degree of
transparency comparable to that found in Belgium. Moreover, BIO is itself calling for changes to the legal framework of OFCs and how they are controlled.

In the course of the second half of 2012, an in-depth external audit of the way BIO functions was conducted on the initiative of the Special Evaluation Department of the Belgian Development Cooperation Ministry. The Report, published in December 2012, attests the fundamental role played by BIO, confirming that the institution is a suitable instrument for supporting the long-term development of the private sector in developing countries. Carried out by an independent consultant, the in-depth audit looked mainly at BIO’s financial situation, its investment strategy, operations, governance and HR management. The Auditor also came up with a number of recommendations on ways of improving effectiveness, efficiency and pertinence with regard to future interventions. Subject to changes and improvements in certain fields, the report concludes that BIO’s mission was «worded with care and well-considered at the time of its establishment». The evaluation also confirms that the use of investment funds is the most efficient and effective way of reaching smaller companies and/or companies located in rural areas.

The criticism voiced in the press and by NGOs, together with the recommendations issued by the Auditor, is behind the discussions held by BIO and its shareholders, in particular the Belgian State, on ways of improving the pertinence of its work and its results. These discussions are expected to lead to certain changes in BIO’s strategy and the way it operates in 2013.

The Board of Directors wishes to underline the quality of the work carried out by BIO since its establishment, and its involvement in promoting the private sector in developing countries. Since 2007, the Board has been working on boosting BIO’s added value, with one of the main measures being the introduction of specialised interventions in knowledge clusters, and developing new fields of activity in this area. BIO will continue to work for the benefit of development cooperation, in line with its assigned mandate and doing everything possible to align its policy with that of the Belgian Development Cooperation Agency, with a view to maximising the competences and specific assets of the two institutions.

Last but not least, 2012 was marked by the appointment of Luuk Zonneveld as BIO’s CEO in December. Mr Zonneveld has a wealth of experience in the field of development cooperation, especially in promoting and funding the private sector.

The next chapters of this report provide an extensive overview of our activities in 2012 as well as the main highlights of BIO’s portfolio at 31.12.2012.

Michel Van der Stichele,
Chairman of BIO’s Board of Directors

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1 The report is available on www.bio-invest.be
Summary of 2012 operations

On 31 December 2012 the BIO portfolio encompassed 117 projects. These involved direct funding to SMEs, infrastructure projects and support to the local financial sector with regard to SMEs. Moreover, grants amounting to EUR 2 million were approved in 2012 for feasibility studies and technical assistance programmes.

Financial resources

BIO’s financial resources are allocated by the Belgian government in the form of Development Certificates. Combined with earlier funding, total funds, excluding capital, available to the company for investments (excluding subsidies) amounted to EUR 576.6 million at the end of 2012.

Human resources

At the end of 2012 the team consisted of 41 people of 7 different nationalities.

Activities

New applications

In 2012 BIO looked at 127 funding applications from across the world for a total of EUR 582.5 million. Compared with 2011, the total amount has fallen by 40 percent.

Projects approved in 2012

In 2012 investments for a total value of EUR 145 million were approved by the Board of Directors, represents a 15% increase with 2011. 51% of these new commitments in 2012 were for Africa.

Grants

Feasibility studies

In 2012 the Board of Directors approved 12 grants for feasibility studies, 69% of which are in partner countries. Moreover, 12 contracts were signed for a total amount of EUR 770,230.

Technical assistance

In 2012, 13 technical assistance grants were approved by the Board of Directors for a total amount of EUR 1.45 million. Also, 15 technical assistance agreements were signed for a total amount of EUR 1.66 million.
Contracts signed in 2012 in 000 EUR

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<th>Projects</th>
<th>Sector</th>
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<th>Amount in 000 EUR</th>
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<td>Regional bank</td>
<td>Tanzania</td>
</tr>
<tr>
<td></td>
<td>CFE</td>
<td>Microfinance</td>
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</tr>
<tr>
<td></td>
<td>BOA FOI</td>
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<td>RDC</td>
</tr>
<tr>
<td></td>
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<td>Africa</td>
</tr>
<tr>
<td></td>
<td>Ecobank</td>
<td>Regional bank</td>
<td>Africa</td>
</tr>
<tr>
<td></td>
<td>I&amp;P Capital</td>
<td>SME Fund</td>
<td>Africa</td>
</tr>
<tr>
<td></td>
<td>Enterprise</td>
<td></td>
<td>8,438</td>
</tr>
<tr>
<td></td>
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<td>DRC</td>
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</tr>
<tr>
<td></td>
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<td>Agribusiness</td>
<td>Cameroon</td>
</tr>
<tr>
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<td>Cosmeine</td>
<td>Agribusiness</td>
<td>Sierra Leone</td>
</tr>
<tr>
<td></td>
<td>Retex</td>
<td>Industry</td>
<td>Kenya</td>
</tr>
<tr>
<td></td>
<td>Infrastructure</td>
<td></td>
<td>17,829</td>
</tr>
<tr>
<td></td>
<td>Azito</td>
<td>Energy</td>
<td>Ivory Coast</td>
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<tr>
<td>ASIA</td>
<td>Financial Sector</td>
<td></td>
<td>48,882</td>
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<tr>
<td></td>
<td>Prasac FOI</td>
<td>SME Fund</td>
<td>Cambodia</td>
</tr>
<tr>
<td></td>
<td>Khan Bank</td>
<td>Bank</td>
<td>Mongolia</td>
</tr>
<tr>
<td></td>
<td>Vietnam Investment Fund</td>
<td>SME Fund</td>
<td>Vietnam</td>
</tr>
<tr>
<td></td>
<td>Lanka Orix Microcredit</td>
<td>Microfinance</td>
<td>Sri Lanka</td>
</tr>
<tr>
<td></td>
<td>Xac Leasing</td>
<td>Leasing</td>
<td>Mongolia</td>
</tr>
<tr>
<td></td>
<td>Enterprise</td>
<td></td>
<td>1,162</td>
</tr>
<tr>
<td></td>
<td>Tbec</td>
<td>Energy</td>
<td>Lao</td>
</tr>
<tr>
<td></td>
<td>Rajasthan Sun</td>
<td>Energy</td>
<td>India</td>
</tr>
<tr>
<td>LATIN AMERICA</td>
<td>Financial Sector</td>
<td></td>
<td>15,891</td>
</tr>
<tr>
<td></td>
<td>Cidre</td>
<td>MFI</td>
<td>Bolivia</td>
</tr>
<tr>
<td></td>
<td>Banco Solidario FOI</td>
<td>Microfinance</td>
<td>Ecuador</td>
</tr>
<tr>
<td></td>
<td>Financiera Summa</td>
<td>Factoring</td>
<td>Guatemala</td>
</tr>
<tr>
<td></td>
<td>Arrend</td>
<td>Leasing</td>
<td>Guatemala</td>
</tr>
<tr>
<td></td>
<td>Coreco</td>
<td>SME Fund</td>
<td>Latin America</td>
</tr>
<tr>
<td>MULTIREGIONAL</td>
<td>Financial Sector</td>
<td></td>
<td>2,185</td>
</tr>
<tr>
<td></td>
<td>Pro Credit Holding FOI</td>
<td>Microfinance</td>
<td>Multiregional</td>
</tr>
<tr>
<td>TOTAL</td>
<td>Financial sector</td>
<td></td>
<td>119,739</td>
</tr>
<tr>
<td></td>
<td>Enterprise</td>
<td></td>
<td>76,804</td>
</tr>
<tr>
<td></td>
<td>Infrastructure</td>
<td></td>
<td>33,332</td>
</tr>
</tbody>
</table>

In 2012 BIO signed contracts for a combined value of EUR 119.7 million; a slight increase over 2011.
Global portfolio

Net commitments

At a constant USD/EUR exchange rate, as at 31 December 2012 BIO’s net commitments\(^1\) were EUR 459.3 million, an increase of 16% over 2011, when the total was EUR 397.7 million.

**Net commitments 2005-2012**

Mio EUR

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>05</td>
<td>100</td>
</tr>
<tr>
<td>06</td>
<td>100</td>
</tr>
<tr>
<td>07</td>
<td>100</td>
</tr>
<tr>
<td>08</td>
<td>100</td>
</tr>
<tr>
<td>09</td>
<td>100</td>
</tr>
<tr>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>11</td>
<td>100</td>
</tr>
<tr>
<td>12</td>
<td>459.3</td>
</tr>
</tbody>
</table>

Outstanding investments

The outstanding investments (volume of disbursements less repayments) increased by 28%, from EUR 220.7 million in 2011 to EUR 283.1 million in 2012.

Geographical spread

A number of the investments agreed by BIO are in funds or companies covering several countries, regions or even continents. These are listed as “multiregional”. BIO’s portfolio in Africa increased from 30% in 2011 to 38% in 2012.

Outstanding investments per beneficiary as at 31.12.12 in K EUR

\[^1\] Net commitments = signed and BoD approved projects - reimbursements
long term vision

Outstanding investments per region as at 31.12.12 in K EUR

- Africa: 23.5%
- Asia: 16.5%
- Central and Latin America: 22%
- Multiregional: 38%

Outstanding investments per instrument as at 31.12.12 in K EUR

- Loans: 67%
- Equity: 33%
Cash reserves

In 2012, BIO’s cash reserve policy was adapted to make larger amounts available for new investments. However, the requirement that BIO must at all times hold sufficient cash reserves to be able to fulfill all its commitments was maintained. Hence, not only BIO’s equity, but also any undisbursed parts of loans and equity participations, the amounts associated with formally approved but not yet signed projects and 100% of any issued guarantees cannot be used for new investments.

At 31.12.2012, apart from funds allocated to grants, BIO’s treasury consisted of EUR 322.7 million, of which EUR 183.3 million was “reserved”, leaving EUR 139.4 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. The possibility to place part of BIO’s cash reserves in OLOs was opened but, given the market conditions, was not used in 2012.
Infrastructure portfolio

2012 achievements

In 2012, BIO strengthened its cooperation with other specialized institutions such as the IFC or the AfDB. More particularly, the Risk Sharing Agreement concluded in 2010 between BIO and FMO has led to BIO participating in several flagship infrastructure projects such as Kivuwatt (Rwanda) or Azito (Ivory Coast). By the end of the year, this agreement had been fully utilized for existing projects.

At the end of 2012, the infrastructure portfolio included 7 signed projects for a total of more than EUR 75 million. The breakdown of the figures below shows that the strategic objectives defined in 2010 for infrastructure financing have been met.

Evolution of net commitments and outstanding investments

<table>
<thead>
<tr>
<th>In k EUR</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net commitments*</td>
<td>78,622</td>
<td>51,531</td>
<td>48,856</td>
</tr>
<tr>
<td>Outstanding investments</td>
<td>39,316</td>
<td>21,528</td>
<td>13,237</td>
</tr>
</tbody>
</table>

* Signed and BoD-approved projects - reimbursements.

Outstanding investments

<table>
<thead>
<tr>
<th>Breakdown per sector (by volume)</th>
<th>Regional breakdown (by volume)</th>
<th>Breakdown per country category (by volume)</th>
</tr>
</thead>
<tbody>
<tr>
<td>28%</td>
<td>45%</td>
<td>45%</td>
</tr>
<tr>
<td>7%</td>
<td>65%</td>
<td>55%</td>
</tr>
</tbody>
</table>

- Renewable Energy
- Transport
- Bio fuels
- Africa
- Central America
- LIC
- LMIC
Enterprise portfolio

2012 achievements

BIO is the only DFI providing direct untied financing to SMEs.

Last year, BIO approved 8 projects for a total amount of EUR 19.5 million. The majority of these investments were in the agribusiness sector.

BIO’s target sectors are:

• Agriculture and food processing: While these sectors are highly risky on account of the climate risk as well as commodity price volatility, the development impact for local populations is huge. Access to food and the development of local employment allow people to improve their living standards in rural areas, thereby preventing their migration to large cities and their emerging slums.

• Industrial transformation: All aspects related to industrial transformation play a key role in a country’s development and in ensure access to affordable goods.

• Telecoms: Increasing access to communication is key to ensuring the transfer of knowledge to local populations and making a country attractive for industrial development.

• Small-scale renewable energy infrastructures will remain important in the development of local welfare. Indeed, access to energy has an immediate impact on economic development and local populations.

BIO’s added value lies with the long-term maturity of its investments. In this respect, BIO very much complements local banks which generally offer short-term loans.

Geographically, BIO will remain focused mainly on Sub-Saharan Africa and on least developed countries.

Evolution of net commitments and outstanding investments

<table>
<thead>
<tr>
<th>In k EUR</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net commitments*</td>
<td>53,099</td>
<td>49,590</td>
<td>45,710</td>
<td>32,285</td>
<td>17,311</td>
</tr>
<tr>
<td>Outstanding investments</td>
<td>28,878</td>
<td>23,592</td>
<td>22,462</td>
<td>18,505</td>
<td>11,361</td>
</tr>
</tbody>
</table>

* Signed and BoD-approved projects - reimbursements
Outstanding investments

Breakdown by sector as at 31.12.2012 (by volume)
- Agrobusiness: 22%
- Health: 18%
- Telecoms: 5%
- Small-scale infrastructure projects: 3%
- Manufacturing: 2%
- Others: 5%

Regional breakdown as at 31.12.2012 (by volume)
- Africa: 30%
- Latin America and Asia: 50%
- Partner countries: 70%

Breakdown by country category as at 31.12.2012 (by volume)
- Africa: 43%
- Latin America: 57%

Countries in which BIO’s Enterprise Department has invested

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

2012 achievements

Financial Institutions

BIO has made net commitments worth EUR 194.5 million in 2012. New clients in 2012 included:

- **Microcred Senegal**: BIO provided a EUR 2 million credit line in FCFA to the Dakar-based microfinance institution to finance the growth of its credit operations. Senegal is a priority country of the Belgian Development Cooperation Agency.
- **EFC Uganda**: BIO is a founding shareholder of this greenfield microfinance institution, which provides financial services (loans and deposits) to micro and small entrepreneurs in Uganda. The project is promoted and managed by Développement International Desjardins, and BIO’s investment is the first to be finalized under the recently signed cooperation agreement between our two institutions.
- **Ecobank**: BIO provided a EUR 15 million credit line to this leading Pan-African banking group to consolidate its activities at the holding level, upgrade its IT structure and extend its distribution network.
- **Cidre**: BIO signed a USD 2 million credit line to the Bolivian microfinance institution, supporting the extension of loans tailored to the needs of low-income farmers and micro-entrepreneurs in rural areas.
- **Arrend**: BIO provided a USD 5 million credit line to support the growth of this established Guatemalan leasing company.
- **Khan Bank**: BIO provided a mix of subordinated debt to consolidate the capital structure of the Mongolian bank, and senior debt to enhance its credit capacity towards local SMEs.
- **XAC Leasing**: BIO lent USD 5 million to this leasing company in Mongolia to support the financing of small enterprises and entrepreneurs with loans averaging USD 50K.
In 2012, BIO also provided additional funding to existing clients such as Bank of Africa, ProCredit, AB Microfinance Nigeria and Financiera Summa in Guatemala.

BIO’s portfolio is well-balanced between its three operating regions: Africa, Latin America and Asia. From a sector perspective, the growth of our portfolio has come mainly from our investments in banks (49% of our portfolio) and microfinance institutions (29% thereof). We expect that growth of the microfinance portfolio in 2013 will be fuelled by our partnerships with Incofin, allowing BIO to reach smaller and more rural microfinance institutions, and with Développement International Desjardins for establishing EFCs (Entrepreneurial Financial Centres) in Africa.

In 2013, we expect to maintain the same investment momentum as 2012 and to focus our prospecting work on new markets in Africa, Latin America and Asia. We intend to remain active in smaller transactions that meet our main strategic niches: support of tier 2 and 3 microfinance institutions, refinancing of local SMEs and creating or strengthening financial institutions in underserved markets. We will also be actively promoting equity and quasi-equity instruments as a way of increasing the impact of our investments and improving the long-term return of our portfolio.

Private Equity

BIO’s net commitment to funds now reaches EUR 134 million, of which EUR 62 million has been disbursed. Our funds invest in SMEs, microfinance institutions and infrastructure projects in Africa, Asia and Latin America. BIO committed EUR 13.5 million to 3 new funds in 2012:

- Coreco, an SME-focused private equity fund targeting Central America. Coreco focuses on underserved sectors with high growth rates, such as IT, retail, financial, healthcare and business services. The Fund will invest in 8-12 regional enterprises with equity allocations of EUR 1 million to EUR 5 million per company.
- I&P Capital III, which targets controlling equity positions in SMEs in West Africa and the Indian Ocean. Since closing, I&P Capital III has taken a majority stake in Socolait, a dairy company in Madagascar, with the aim of extending the offering of dairy products (yoghurt, cheese, milk). Another portfolio company, Syrse, is providing and increasing the availability of ATMs in Western Africa. Both companies are expected to create significant development impact.
- Vietnam Investment Fund II, which invests in medium-size enterprises in Vietnam. The Fund focuses on sectors driven by domestic consumption, such as manufacturing, logistics, retail, services, media, technology, telecoms, education and last but not least agribusiness and the financial sector.

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

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.

Looked at from this perspective, one of the 2012 highlights is BIO’s exit from the Acción Investment in Microfinance (AIM) fund. Thanks to the investments of BIO and other DFIs, AIM has been able to invest in 12 microfinance institutions (MFIs) in 12 African and Latin American countries since it was founded in 2003. These investments have enabled these MFIs to increase their clientele: the total number of depositors has risen from 245,000 to 1.2 million and that of lenders from 386,000 to more than a million. By 2012, AIM and its customers - the MFIs - had achieved a sufficiently sound footing for the mainly public investors (BIO, FMO, FinnFund, KfW, IFC) to transfer their assets to private investors. The fund will thus be able to continue supporting MFIs, while BIO will be able to reinvest the income from its exit from AIM (USD 7.4 million) in other development projects.
Evolution of net commitments and outstanding investments

<table>
<thead>
<tr>
<th>In k EUR</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net commitments*</td>
<td>327,553</td>
<td>296,629</td>
<td>236,498</td>
<td>184,162</td>
<td>155,625</td>
</tr>
<tr>
<td>Outstanding investments</td>
<td>215,294</td>
<td>175,686</td>
<td>143,934</td>
<td>119,757</td>
<td>109,017</td>
</tr>
</tbody>
</table>

* Signed and BoD-approved projects - reimbursements.

Outstanding investments

Breakdown per sector (by volume)

- SME Funds: 28%
- Commercial Banks: 29%
- MFI Funds: 15%
- Infrastructure Funds: 8%
- Microfinance Institutions: 21%
- Non-Bank Financial Institutions: 23%

Regional breakdown (by volume)

- Multi: 18%
- Africa: 31%
- Asia: 28%
- LAC: 23%
In Central America
BIO signed a USD 5 million senior loan with ARREND, a prominent Guatemalan leasing company. The loan will support the company in further growing their SME leasing business in Guatemala.

Outstanding investments in Latin America: EUR 66.8 million

Improving standards and best practices

BIO operates in 15 countries in Latin America

BIO SUPPORTS BANCO SOLIDARIO’S OVER-INDEBTEDNESS PREVENTION EFFORTS THROUGH TECHNICAL ASSISTANCE. (www.cuidatufuturo.com)
Sustainable results

- TRANSPARENT FINANCING
- TRUSTWORTHY PARTNERS
- SOUND CORPORATE GOVERNANCE

Financial report

- Balance sheet
- Income statement
- Cash flow
- Report of the Court of Audit
- Statutory auditor’s report
Balance Sheet

ASSETS

<table>
<thead>
<tr>
<th>FIXED ASSETS</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formation expenses</td>
<td>3,777</td>
<td>5,457</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>363,360</td>
<td>78,353</td>
</tr>
<tr>
<td>Tangible assets</td>
<td>413,573</td>
<td>459,896</td>
</tr>
<tr>
<td>Furniture and vehicles</td>
<td>245,774</td>
<td>272,445</td>
</tr>
<tr>
<td>Leasing and similar rights</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other tangible assets</td>
<td>167,799</td>
<td>187,451</td>
</tr>
<tr>
<td>Financial assets</td>
<td>276,784,777</td>
<td>213,618,860</td>
</tr>
<tr>
<td>Participating interests in affiliated enterprises</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Participating interests in other enterprises</td>
<td>92,225,667</td>
<td>85,189,817</td>
</tr>
<tr>
<td>Amounts receivable and cash guarantees</td>
<td>184,559,110</td>
<td>128,429,043</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>610,244,842</td>
<td>485,749,556</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CURRENT ASSETS</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts receivable within one year</td>
<td>930,650</td>
<td>1,392,212</td>
</tr>
<tr>
<td>Investments</td>
<td>272,348,859</td>
<td>222,461,175</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>54,818,327</td>
<td>41,964,313</td>
</tr>
<tr>
<td>Deferred charges and accrued income</td>
<td>4,581,519</td>
<td>5,769,290</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>610,244,842</strong></td>
<td><strong>485,749,556</strong></td>
</tr>
</tbody>
</table>

Notes to Balance Sheet

Formation expenses

In addition to the notary fees, preliminary expenses related to the setting up of BIO, the establishment of the Local Currency Fund and the SME-Fund, the increase of the financial resources of the Development Fund and the Local Currency Fund, were capitalised. Formation expenses are depreciated on a straight line basis over 5 years.

Intangible assets

Expenses relating to the purchase of software, amounting to at least EUR 1,250, are capitalised and depreciated on a straight line basis over 3 years from the date of acquisition.

In 2012, investments are mainly pertaining to tailor-made software under development upon BIO’s request.

Tangible assets

This item relates to office furniture, computers and other office equipment and the furnishing of the rented facilities. Amounts are capitalised as from EUR 1,250, depreciation is on a straight line basis from the month of acquisition over 10 years for the office furniture, over 3 years for the computer equipment and pro rata to the remaining term of the lease agreement. In
LIABILITIES

<table>
<thead>
<tr>
<th>CAPITAL AND RESERVES</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>4,957,873</td>
<td>4,957,873</td>
</tr>
<tr>
<td>Reserves</td>
<td>577,112,192</td>
<td>460,612,192</td>
</tr>
<tr>
<td>Legal reserve</td>
<td>495,787</td>
<td>495,787</td>
</tr>
<tr>
<td>Reserves not available for distribution</td>
<td>576,616,405</td>
<td>460,116,405</td>
</tr>
<tr>
<td>Profit carried forward</td>
<td>11,103,021</td>
<td>7,575,988</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROVISIONS AND DEFERRED TAXES</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisions for risks and costs</td>
<td>3,072,556</td>
<td>590,000</td>
</tr>
<tr>
<td>Other risks and costs</td>
<td>3,072,556</td>
<td>590,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CREDITORS</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts payable after more than one year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amounts payable within one year</td>
<td>8,223,101</td>
<td>5,718,957</td>
</tr>
<tr>
<td>Current portion of amounts payable after more than one year</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Trade debts</td>
<td>280,242</td>
<td>442,726</td>
</tr>
<tr>
<td>Taxes, remuneration and social security</td>
<td>732,446</td>
<td>799,765</td>
</tr>
<tr>
<td>Other amounts payable</td>
<td>7,210,413</td>
<td>4,476,466</td>
</tr>
<tr>
<td>Accrued charges and deferred income</td>
<td>5,776,099</td>
<td>6,294,547</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL LIABILITIES</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>610,244,842</td>
<td>485,749,556</td>
</tr>
</tbody>
</table>

2012, investments mainly involved furniture, IT hardware, and office equipment.

**Financial assets**

This item relates to the investments, irrespective of their percentage, as described in BIO's mission statement. Unallocated cash remains under investment and/or cash at hand and in bank. The equity participations and shares are stated at acquisition cost. Incidental expenses relating to the acquisition are charged to the financial year during which they were incurred. With regard to the unlisted shares, a decrease in value is applied in the event of capital loss or long-term depreciation.

These assets will remain valued at a historical exchange rate. The Board of Directors will determine case by case from when reductions in value are lasting and lead to the booking of an actual depreciation or reduction in value.

Receivables are valued at nominal value. Additional costs relating to the acquisition are charged to the financial year during which they were incurred. Depreciation takes place if there is uncertainty as to reimbursement of all or part of the amount receivable on the due date.

In 2006, a general provision has been established for expected depreciation and reduction in value, which represents 1.5% of the outstanding...
amounts of the Development Fund and the Local Currency Fund, plus, 10% of the outstanding amounts of the SME Fund. This percentage is adapted annually according to the portfolio turnover and each actual reduction in value is compensated by the provision. This provision will be limited to a maximum of 3% of the outstanding amounts of the Development Fund and the Local Currency Fund at the end of each fiscal year.

In 2012, an additional provision of EUR 107,415 has been set up. Specific provisions have been required for 3 specific portfolio components, for a total of EUR 353,936. One specific provision of EUR 63,351 was recovered, as 2 loans were partially repaid at the beginning of 2012. A specific provision of EUR 400,000 was recovered regarding a loss that had become definitive. The total reduction in value amounts to EUR 6,453,702 at the end of 2012, and concerns specific projects.

### Fixed assets

#### disbursed

<table>
<thead>
<tr>
<th></th>
<th>USD</th>
<th>MAD</th>
<th>INR</th>
<th>KHR</th>
<th>RWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signed projects</td>
<td>230,377,824</td>
<td>18,785,000</td>
<td>3,300,000</td>
<td>10,080,443,585</td>
<td>1,090,000,000</td>
</tr>
<tr>
<td>equity participations investment funds</td>
<td>31,334,907</td>
<td>18,785,000</td>
<td>0</td>
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</tr>
<tr>
<td>equity participations</td>
<td>15,985,260</td>
<td>3,300,000</td>
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<td>1,090,000,000</td>
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<tr>
<td>loans investment funds</td>
<td>16,850,267</td>
<td>0</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>loans</td>
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<td>0</td>
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</tr>
<tr>
<td>BoD approved projects</td>
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<td>0</td>
<td>0</td>
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<td>equity participations investment funds</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>loans investment funds</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>loans</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
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<tr>
<td>Total projects 2012</td>
<td>230,377,824</td>
<td>18,785,000</td>
<td>3,300,000</td>
<td>10,080,443,585</td>
<td>1,090,000,000</td>
</tr>
</tbody>
</table>

#### Off-balance

#### committed

<table>
<thead>
<tr>
<th></th>
<th>USD</th>
<th>MAD</th>
<th>INR</th>
<th>KHR</th>
<th>RWF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signed projects</td>
<td>113,057,784</td>
<td>14,225,233</td>
<td>0</td>
<td>0</td>
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<tr>
<td>equity participations investment funds</td>
<td>30,042,566</td>
<td>14,225,233</td>
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<td>equity participations</td>
<td>150,740</td>
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<td>loans investment funds</td>
<td>4,264,376</td>
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<td>loans</td>
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<td>BoD approved projects</td>
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<tr>
<td>loans</td>
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<tr>
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</tbody>
</table>
The Board of Directors has decided that the general provision that was previously included in this heading, will as from the fiscal year 2012 be included in the Provisions heading in the Liabilities section of the Balance sheet.

If 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 liabilities at the end of the fiscal year are converted at the closing rate of the financial year and referred off-balance sheet. The submission of a letter of intent to a potential customer implies the off-balance sheet registration of the amounts committed.

<table>
<thead>
<tr>
<th>disbursed in</th>
<th>TZS</th>
<th>FCFA</th>
<th>HNL</th>
<th>UGX</th>
<th>NGN</th>
<th>ZMK</th>
<th>euro</th>
<th>euro equivalent</th>
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<tbody>
<tr>
<td></td>
<td>7,901,080,504</td>
<td>4,374,153,383</td>
<td>69,612,301</td>
<td></td>
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<td>86,662,792</td>
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</tr>
<tr>
<td>committed in</td>
<td>TZS</td>
<td>FCFA</td>
<td>HNL</td>
<td>UGX</td>
<td>NGN</td>
<td>ZMK</td>
<td>euro</td>
<td>euro equivalent</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>51,899,801</td>
<td>138,514,290</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>disbursed</th>
<th>TZS</th>
<th>FCFA</th>
<th>HNL</th>
<th>UGX</th>
<th>NGN</th>
<th>ZMK</th>
<th>euro</th>
<th>euro equivalent</th>
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<td>0</td>
<td>10,500,000</td>
<td>37,671,442</td>
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<tr>
<td>committed</td>
<td>TZS</td>
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<td>HNL</td>
<td>UGX</td>
<td>NGN</td>
<td>ZMK</td>
<td>euro</td>
<td>euro equivalent</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>62,399,801</td>
<td>176,185,732</td>
</tr>
</tbody>
</table>
The interest and currency risk related to 52 loans amounting to a total of USD 170 million and FCFA 3,281 million, ZMK 2,348 million, NGN 933 million and TZS 604 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. Eleven loans for a total amount of USD 8 million were covered by currency contracts.

**Amounts receivable within one year**

Commercial debts amount to EUR 490,669.

The remaining receivables mainly refer to yet to be re-claimed VAT (EUR 317,828), taxes (EUR 119,304) and one open receivable valuated at year’s end rate (EUR 140,998) for which one specific provision has been maintained for the same amount.

The Board of Directors has decided that the general provision that was previously included in this heading, will as from the fiscal year 2012 be included in the Provisions heading in the Liabilities section of the Balance sheet.

Cumulated unpaid interests for a total of EUR 1,299,927 were considered as doubtful and a corresponding reduction in value has been booked. The balance of EUR 2,849 is made out of down payments to be affected.

**Cash at bank and in hand**

This item includes unallocated cash of which BIO disposes to implement 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 for EUR 75,102, accrued income for EUR 4,453,295 and positive conversion variances for EUR 53,122. Deferred costs of EUR 75,102 mainly consist of rent, insurance, subscriptions, travel expenses and legal fees. The fees of outside lawyers used in obtaining projects in portfolio are spread, until the end of 2006, over the duration of the project or over 10 years, in case of participations that may remain in the portfolio for an indefinite period. They are recorded in the deferred charges line. Accrued income of EUR 4,453,295 mainly consists of accrued interest, not overdue on loans granted.

The positive conversion rates of EUR 53,122 hold the difference in rate between the cash rate and cover rate. These conversion rates are spread over the duration of the instrument used and the loans.

**Reserves**

The development certificates are included in unavailable reserves. Depreciation and capital losses are directly charged to these certificates without having to proceed to a modification of the articles of association. At the end of 2002 EUR 62,070 was charged to the certificates. The result of the fiscal year 2004 was allotted to the legal reserve, bringing it up to EUR 74,905. Of the 2005 result (EUR 448,437) EUR 420,882 was allotted to the legal reserve, which reached its limit of 10 % of the capital. The balance has been transferred to the next fiscal year. The result of fiscal year 2006 (EUR 2,467,428.48) was partly allocated to BIO’s personnel (EUR 80,000) by means of profit participation and partly paid as dividend (EUR 1,377,205.71). The balance has been transferred to the next fiscal year. The 2007 result has been fully transferred to the next fiscal year.
For 2008, EUR 101,672.41 was allocated to the personnel under the form of profit participation and the balance of the result, amounting EUR 2,798,742.40, was deferred to the next fiscal year.

For 2009, the result of EUR 796,984.25 was also deferred to the next fiscal year.

The result of fiscal year 2010 was allocated for EUR 160,397 to the personnel in the form of a profit participation plan, and for EUR 3,897,156 to capital remuneration.

The result of fiscal year 2011 will be allocated for EUR 140,654 to the personnel in the form of a profit participation plan, and for EUR 4,321,271 to capital remuneration.

The result of fiscal year 2012 will be allocated for EUR 144,015 to the personnel in the form of a profit participation plan, for EUR 7,054,066 to capital remuneration and the remaining is deferred to the next fiscal year.

Provisions for risk and charges

The additional provision worth EUR 90,000 made to cover the exchange rate risk of a still ongoing hedging contract regarding a loan that will probably not be honoured is reduced by EUR 27,677. The provision of EUR 500,000 made to cover a contract breach is maintained.

The Board of Directors has decided that the general provision worth EUR 2,038,972 that was previously included in the heading Financial assets will as from the fiscal year 2012 be included here in the Provisions heading in the Liabilities section of the Balance sheet.

A provision worth EUR 471,261 pertaining to VAT has been made.

Amounts payable within one year

Commercial debts include EUR 110,743 of outstanding invoices and EUR 169,499 of invoices to be received. Tax debt includes a provision for corporate income tax of EUR 40,216 and withholding tax of EUR 186,041.

Debts relating to remunerations and social security concern the provision for statutory holiday pay and a wage balance of December 2012 amount to a grand total of EUR 461,687, social insurance contributions of EUR 44,501.

Remaining debts include a yet to be distributed dividend of the fiscal year worth EUR 7,054,071, the 2012 participation plan for the personnel worth EUR 144,015, and a balance of EUR 6,164 from 2011. There is an outstanding amount of EUR 6,162 related to advanced payments or received amounts to be transferred to third parties.

Deferred charges and accrued income

This heading includes costs to be charged amounting to EUR 4,426,301. This is mainly the provision for interest incurred and not due to the CCIRS contracts amounting to EUR 1,759,257 and a subsidy of EUR 2,667,044 granted by contract.

The deferred accrued income amounts to EUR 1,342,567 for a Capacity Building Fund subsidy and to EUR 587 for the interests of a project from 2013. In addition, this item covers negative exchange differences for EUR 6,644.
Income statement

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>31,948,922</td>
<td>21,842,881</td>
</tr>
<tr>
<td>Income from financial fixed assets</td>
<td>12,618,715</td>
<td>8,844,082</td>
</tr>
<tr>
<td>Income from current assets</td>
<td>11,514,195</td>
<td>9,180,283</td>
</tr>
<tr>
<td>Other financial income</td>
<td>158,479</td>
<td>17,487</td>
</tr>
<tr>
<td>Other operating income</td>
<td>3,497,389</td>
<td>2,876,028</td>
</tr>
<tr>
<td>Exceptional income</td>
<td>4,180,144</td>
<td>925,001</td>
</tr>
<tr>
<td>Charges</td>
<td>21,223,808</td>
<td>17,380,956</td>
</tr>
<tr>
<td>Services and other goods</td>
<td>2,701,255</td>
<td>2,904,748</td>
</tr>
<tr>
<td>Remuneration, social security costs and pensions</td>
<td>4,426,174</td>
<td>3,937,030</td>
</tr>
<tr>
<td>Depreciation</td>
<td>232,320</td>
<td>159,146</td>
</tr>
<tr>
<td>Minusvalue</td>
<td>381,116</td>
<td>671,322</td>
</tr>
<tr>
<td>Provision</td>
<td>2,510,233</td>
<td>1,538,007</td>
</tr>
<tr>
<td>Other operating charges</td>
<td>1,959,060</td>
<td>1,538,007</td>
</tr>
<tr>
<td>Financial charges</td>
<td>8,361,597</td>
<td>5,312,992</td>
</tr>
<tr>
<td>Extraordinary charges</td>
<td>424,569</td>
<td>2,627,871</td>
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<tr>
<td>Taxes</td>
<td>227,494</td>
<td>209,840</td>
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<tr>
<td>Profit for the period</td>
<td>10,725,114</td>
<td>4,461,925</td>
</tr>
</tbody>
</table>

Notes to income statement

Operating income

Other operating income incorporates the EUR 3,497,389 subsidy related to the Capacity Building Fund, various fees for EUR 1,314,960, a re-invoicing of costs amounting to EUR 74,059, EUR 146,916 of withholding tax exemption and redistribution of social contributions, as well as damages and compensation of credit hours worth EUR 7,283.

Operating charges

The heading “miscellaneous goods and services” includes general operating costs such as rent and related charges, insurance, office supplies, membership fees and documentation, remuneration costs, fees, travel expenses, promotion costs. These charges amounted to EUR 2,701,255. Remuneration, social security contributions, staff insurance and extra legal benefits amounted to EUR 4,426,174. Depreciation on tangible assets amounted to EUR 232,320 and reduction in value on receivables amounted to EUR 381,116.

A provision has been made in connection with VAT for EUR 471,260. The reduction in value on financial assets equal the provisions of EUR 2,038,973 made as explained above.

Other operating charges of EUR 1,959,060 relate to a EUR 1,823,291 approved subsidy for the Capacity Building Fund, various taxes and levies for EUR 135,769.
Financial income

The income from BIO’s core activity in 2012 worth EUR 12,618,715 includes the returns on loans for EUR 10,943,563 and dividends for EUR 1,675,152.

Income from the deposit of unallocated cash of which BIO disposes to implement its corporate mission amounted to EUR 11,514,195 in 2012. The income from CCIRS is included under this heading. Other financial income (EUR 138,479) mainly relates to differences of exchange rate and payments.

Financial charges

The “interest payable and similar charges” heading includes the interest on the leasing contracts and the CCIRS, for a total amount of EUR 8,210,377. Other financial charges refer to the interests on receivables amounting to EUR 18,381, the results of exchange rates amounting to EUR 121,703 and EUR 11,136 of banking costs relating to payments for projects, guarantees and the use of financial systems.

Extraordinary income

The extraordinary income includes a EUR 3,233,568 appreciation as a result of the realization of assets, recovery of reductions in value on receivables for EUR 740,074 and VAT recovery for EUR 206,502.

Extraordinary costs

The depreciation of the realization of financial assets amounts to EUR 423,147. Expenses pertaining to the previous fiscal year amount to EUR 1,412.

Income taxes

This heading contains the provision for corporate income tax for fiscal year 2012 (EUR 46,370), the foreign taxation on 2012 revenues (EUR 240,885), and the recovery of foreign taxes for EUR 59,761.
### Cash flow

#### in €

<table>
<thead>
<tr>
<th>Category</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating result / EBIT</strong></td>
<td>-8,397,253</td>
<td>-8,253,869</td>
</tr>
<tr>
<td>Adjustment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation, decrease in value</td>
<td>-232,320</td>
<td>-159,146</td>
</tr>
<tr>
<td>Provisions</td>
<td>6,462,444</td>
<td>1,565,312</td>
</tr>
<tr>
<td><strong>Operating cash flow</strong></td>
<td>-2,167,129</td>
<td>-6,847,704</td>
</tr>
<tr>
<td>Current debts &amp; receivables (net)</td>
<td>186,150</td>
<td>3,826,599</td>
</tr>
<tr>
<td><strong>Cash flow from working capital changes</strong></td>
<td>-1,980,979</td>
<td>-3,021,105</td>
</tr>
<tr>
<td>Acquisition of financial assets</td>
<td>-65,741,751</td>
<td>-45,225,145</td>
</tr>
<tr>
<td>Acquisition of tangible and intangible assets</td>
<td>-469,324</td>
<td>-163,415</td>
</tr>
<tr>
<td><strong>Cash flow from investment activities</strong></td>
<td>-68,192,054</td>
<td>-48,409,664</td>
</tr>
<tr>
<td>Income from current assets</td>
<td>4,855,018</td>
<td>4,432,719</td>
</tr>
<tr>
<td>Income from financial fixed assets</td>
<td>19,416,372</td>
<td>13,609,133</td>
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<tr>
<td>Other financial income</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Other financial charges</td>
<td>-8,361,597</td>
<td>-5,312,992</td>
</tr>
<tr>
<td>Plusvalue</td>
<td>3,233,568</td>
<td>54,293</td>
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<tr>
<td>Taxes</td>
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<td>-268,122</td>
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<tr>
<td>Net financial income</td>
<td>18,895,678</td>
<td>12,515,032</td>
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<tr>
<td><strong>Free cash flow</strong></td>
<td>-49,296,376</td>
<td>-35,894,633</td>
</tr>
<tr>
<td>Increase/decrease of longterm financial debts</td>
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</tr>
<tr>
<td>Increase/decrease of capital</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-4,461,925</td>
<td>-4,057,554</td>
</tr>
<tr>
<td>Development certificates</td>
<td>116,500,000</td>
<td>105,000,000</td>
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<tr>
<td>Proceeds from financing</td>
<td>112,038,074</td>
<td>100,942,446</td>
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<tr>
<td><strong>Net flow of funds</strong></td>
<td>62,741,698</td>
<td>65,047,814</td>
</tr>
<tr>
<td><strong>Net variation in deposits and cash</strong></td>
<td>62,741,698</td>
<td>65,047,814</td>
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</tbody>
</table>
Report of the belgian court of audit

on the accounts for the financial year ended 31 December 2012 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 2012. 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.

Brussels, 23 April 2013

The Belgian Court of Audit
Represented by

Jozef Beckers
Member of the Court
Statutory auditor’s report to the general meeting of shareholders of Belgian Investment Company for Developing Countries -BIO- on the financial statements for the year ended December 31, 2012

In accordance with the legal and statutory requirements, we report to you on the performance of the engagement of statutory auditor, which has been entrusted to us. This report contains our opinion on the true and fair view of the financial statements as well as the required additional statements.

Unqualified audit opinion on the financial statements

We have audited the financial statements of Belgian Investment Company for Developing Countries -BIO- for the year ended December 31, 2012, prepared in accordance with the financial reporting framework applicable in Belgium, which show a balance sheet total of 610,244,842 EUR and a profit for the year of 10,725,115 EUR.

Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Réviseurs d’Entreprises / Instituut van de Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement, whether due to fraud or error.

In accordance with the above-mentioned auditing standards, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the financial statements contain material misstatements, whether due to fraud or error.

In making those risk assessments, we have considered the company’s internal control relating to the preparation and fair presentation of the financial statements, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control. We have also assessed the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall financial statement presentation.
Finally, we have obtained from management and the company’s officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the financial statements for the year ended December 31, 2012 give a true and fair view of the company’s assets and liabilities, its financial position and the results of its operations in accordance with the financial reporting framework applicable in Belgium.

Additional statements

The preparation of the Directors’ report and its content, as well as the company’s compliance with the Company Code and its bylaws are the responsibility of management.

Our responsibility is to supplement our report with the following additional statements, which do not modify our audit opinion on the financial statements:

• The Directors’ report includes the information required by law and is consistent with the financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the company is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our engagement.

• Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.

• There are no transactions undertaken or decisions taken in violation of the company’s bylaws or the Company Code that we have to report to you. The appropriation of results proposed to the general meeting complies with the legal and statutory provisions.

Zaventem, April 26, 2013

BDO Réviseurs d’Entreprises Soc. Civ. SCRL
Statutory auditor
Represented by Michel Grignard
Our mission

The mission of the Belgian Investment Company for Developing Countries (BIO) is to support a strong private sector in developing countries, to enable them to gain access to growth and sustainable development with the aim to achieving the Millennium Development Goals.

BIO invests directly in private sector projects and as such makes a structural contribution to the socio-economic growth of those host countries. Its mandate includes strict criteria in terms of geographical targets, financing tools and, above all, impact on development.

The local financial system is often unsuited to the needs of small entrepreneurs and does not allow the emergence of income-generating activities. BIO’s support to the private sector is therefore an essential link in the development cooperation chain.
Development through investment
We contribute to sustainable development by financing the local private sector.