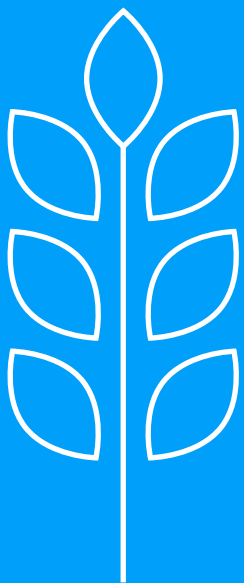
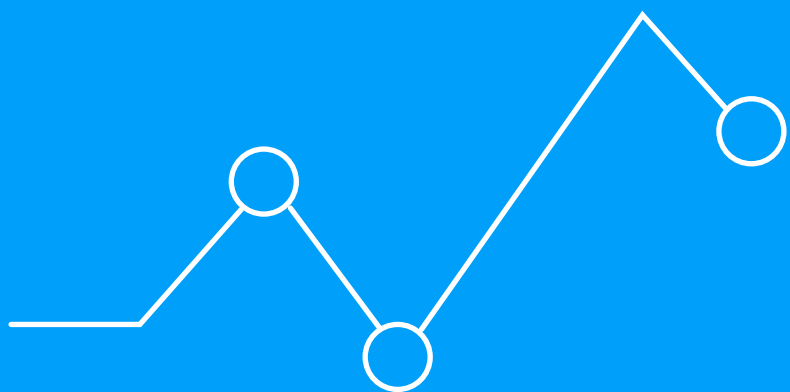
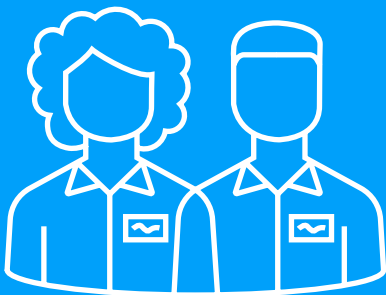


Impact Measurement Framework



AccessHolding

Context

Around 1.7 billion adults worldwide are still ,unbanked‘, that is without an account at a financial institution or a mobile money provider. Over half of them are women and people from poor households in rural areas¹. Micro and small enterprises are the backbone of many economies with their huge potential for employment generation and socio-economic development – yet they remain largely underserved by financial institutions. The International Finance Corporation (IFC) estimates that 65 million firms – or 40 percent of formal micro, small and medium enterprises (MSMEs) in developing countries – have unmet financing needs of \$5.2 trillion per year².

To tackle these enormous challenges, the United Nations Sustainable Development Goals (SDGs) were established in September 2015, setting global development targets for 2030. It is widely acknowledged that financial inclusion, i.e. the access of individuals and businesses to a full suite of quality financial services from formal providers, which are affordable and appropriate can help reduce poverty while boosting economic and social development³.

In light of unmet financing needs and the importance of financial inclusion, Access Microfinance Holding AG (AccessHolding) was founded in 2006 in Germany. We are a partnership between public-development finance institutions and impact investors from the private sector. Our shareholders are united in their desire to support entrepreneurs in both developing and emerging markets by providing access to responsible and fair financial services.

Our principles, goals, and corporate values are based on the conviction that providing responsible financial services to MSMEs and lower-income groups in developing countries can be achieved profitably and sustainably.

Our business purpose is to invest in financial institutions in developing and transition countries. We provide skills and expertise that are transferred in order to enhance the value of our investees in terms of impact and financial returns. We currently operate a network of seven financial institutions in sub-Saharan Africa and Central Asia (AccessGroup). Since its foundation, AccessHolding has focused intensely on its **mission to build responsible and resilient financial institutions that offer products and services tailored to the needs of small businesses and underserved parts of the population**. To reinforce this focus, it is crucial to improve transparency and reporting on how we accomplish our mission, and how we contribute to development goals such as the SDGs.

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Given the growing interest from the public and stakeholders, it has become vital for us to track, measure, and report progress to outline the action we have taken to reach the desired impact. For this reason, we have set up a framework and designed a methodology that systematically monitor the progress made towards achieving our mission. The approach is based on established development impact methodologies and aligned with standards such as the Global Impact Investing Network (GIIN)'s Impact Reporting and Investment Standards (IRIS) and the Operating Principles for Impact Management.

¹ Global Findex Report 2017 <https://globalfindex.worldbank.org/>


² <https://www.worldbank.org/en/topic/sme/finance>

³ United Nations Conference on Trade and Development No.35

Impact Goals

In the long run, AccessHolding envisions an inclusive financial sector that improves people's livelihoods, drives local economic growth and job creation, and is built on equal rights and gender equality. Our development pathway reflects the changes we would like to see in the mid to long term, and how we want to advance our mission to achieve impact.

We have condensed our mission into three goals that help operationalize and measure our impact around the world:



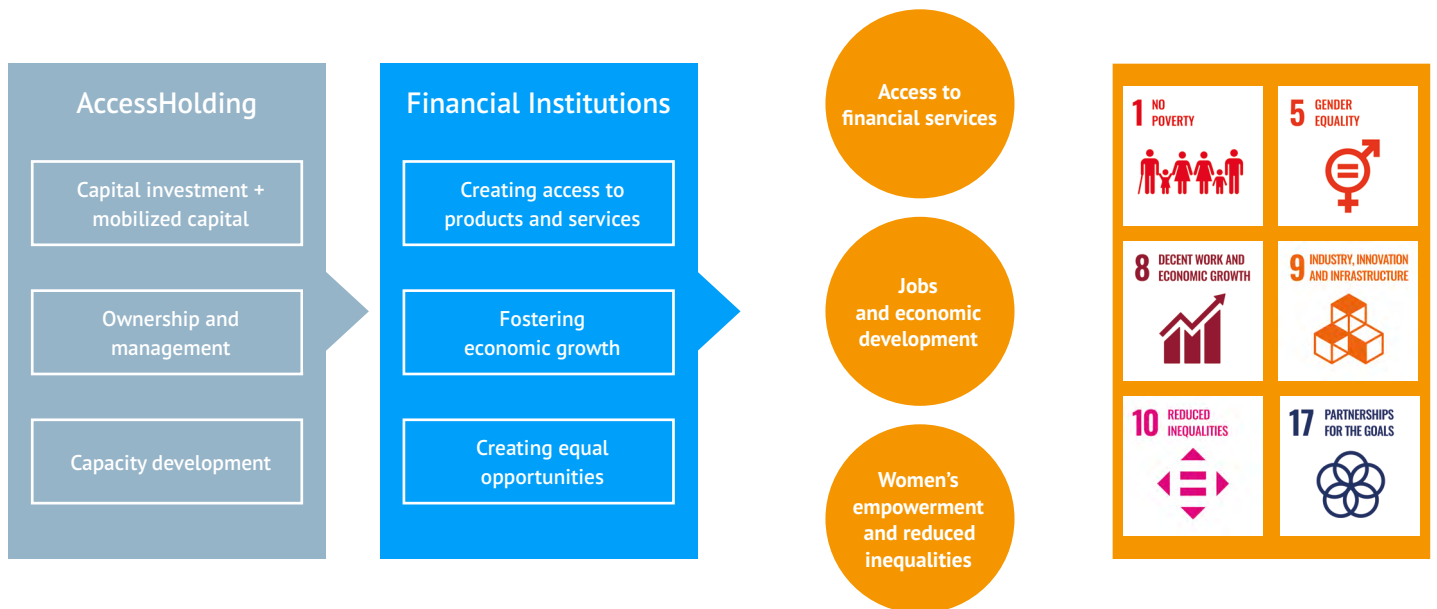
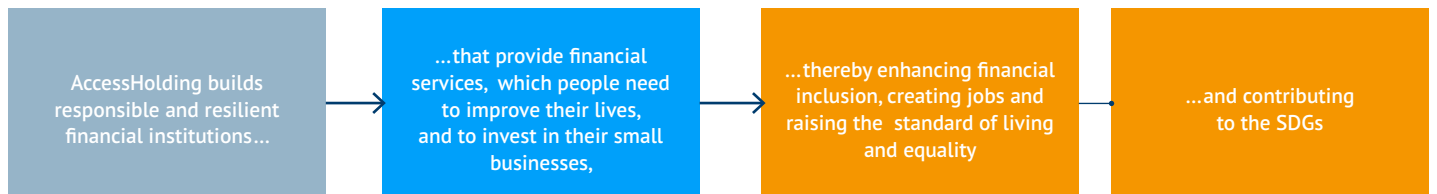
Access to and use
of responsible financial
services for underserved
populations

Supporting decent jobs
and fostering economic
development

Women's economic
empowerment
and reduction
of inequalities

AccessHolding's key impact goals are aligned with the SDGs, of which six main goals were selected. Since many of the SDGs are interrelated and interdependent, the choice of six priority SDGs helps to streamline the development pathway and report against them within our impact framework. We strive to advance our mission along the impact pathway and narrative below.

Impact Framework



ACCESSHOLDING'S MISSION IS TO BUILD RESPONSIBLE AND RESILIENT FINANCIAL INSTITUTIONS

We are a strategic owner that makes long-term investments for future growth. We take the lead in founding institutions together with other investors, manage mergers and acquisitions, and handle the integration of new institutions in need of strategic investment into the AccessGroup.

Our investment decisions and portfolio strategy are guided by the GAME⁴ approach, which regularly evaluates the financial and institutional stability/viability of each investment as well as its financial contribution to the holding. It also evaluates impact in relation to a country's development needs and the institution's impact potential. AccessHolding bases its investment decisions on these regular assessments.

As a holding company, we assume active ownership while providing management oversight and support. We offer a whole range of essential support services across multiple areas such as Business, Technology, Risk, Audit and Finance from our headquarters in Berlin, Germany. We can assure our investors that their investments in financial institutions adhere to high industry standards.



Our strategic management support includes **broad-based capacity building** through the AccessCampus corporate academy, network-wide e-learning modules, and the steering of strategic projects in the areas of digitalization and technology.

The intensive development of the staff's skills and expertise prepares them for future challenges, especially in times of complex, potentially disruptive changes. We drive digital transformation in our institutions, providing employees with the necessary tools and technologies to address the needs of customers. This also enables a wider geographical outreach and adds to efficiency and productivity.

⁴ GAME: Grow (G), acquire (A), maintain (M), exit (E). In-depth explanation can be found in AccessHolding Strategy 4.0

THE MAIN MISSION OF OUR FINANCIAL INSTITUTIONS IS TO PROVIDE FINANCIAL SERVICES THAT ARE EASILY ACCESSIBLE AND IMPROVE LIVELIHOODS, THUS CATERING TO THE NEEDS OF THE COUNTRY’S UNDERSERVED POPULATION.

To fulfill their mission, the financial institutions develop a client value proposition that forms the centerpiece of their business model for sustainability. Based on this client-centered, cost-efficient and digitalized business model, they offer a growing range of **tailor-made financial solutions**. They include business loans, transactional accounts, as well as savings and term deposit accounts that are easily accessible through a variety of (alternative) channels. This achieves scale and creates outreach to low-income and underserved customers, meeting their demands and expectations as well as improving their resilience and livelihood.

Our financial institutions focus on small businesses as their key customers. Providing loans and other financial services to micro, small and medium-sized enterprises **raises employment and enables them to become drivers of growth**: The financing of the business needs of MSMEs increases their productivity. As a result, they can supply the local economy with important goods and services and create jobs. The suitability, affordability and reliability of customized financial solutions not only increase their use, but also encourage widespread participation in the formal financial sector, which is the foundation for a stable economy.

The approach of the institutions to banking takes into account the nature of women’s businesses and offers straightforward and transparent services tailored to the needs and priorities of both women and men. To reflect the diversity across different populations as well as their level of access to basic services and technology, expanding clients’ knowledge of the benefits and promoting the responsible use of the products and services is part of our “working philosophy”.

Responsible banking has always been one of our fundamental principles. We implement the Customer Protection Policy into business activities by adapting and reviewing operating policies (e.g. credit policy, retail policy, HR policy, etc.) and the code of conduct, thus ensuring compliance with the policy.

Our commitment helps create an inclusive financial sector built on equal rights and gender equality that improves people’s livelihoods, drives local economic growth, and creates jobs.



Impact Measurement

The main objective of our impact measurement framework is to track the progress towards our impact goals. We aim to measure how our investments in capital and people have boosted the capacity of our financial institutions to promote financial inclusion, create jobs, raise living standards, empower women and reduce inequalities.

The framework is a combination of financial and social impact metrics. It includes information derived from regular operating reports and information gathered from, for example, client feedback. We measure our progress and impact on three levels:

On each of these levels, a selection of both quantitative and qualitative indicators and measurements was made. The indicators are aligned with the IRIS Metrics of the Global Impact Investing Network and are intended to help describe our contribution to the SDGs.

AccessHolding's impact measurement framework also includes qualitative information: In a complex and often rapidly changing environment, the selected quantitative indicators – which global platforms use to compare interventions – only reflect part of the impact story. For example, challenges and crises such as the current COVID-19 pandemic are putting intense pressure on the health and growth of our institutions, negatively impacting quantitative indicators of success, yet it is likely that the importance of these institutions for our clients is increasing. Consequently, we do not set specific performance indicators, but instead monitor our impact regularly and strive to maximize our impact under the given circumstances.

More importantly, quantitative figures do not present a complete picture of how our engagement leads to impact. This is why we share the stories of our institutions and their clients, painting a broader picture of how our activities help enhance clients' lives, create job opportunities, drive economic development, and improve gender equality.

We therefore collect and complement quantitative data with qualitative data at each of the three levels (AccessHolding, Financial institutions, and End-customers) to describe how our engagement has made a difference and improved people's lives.

Clients

AccessBank

AccessHolding

Quantitative Impact Indicators

Clients

Financial Inclusion

- » No. of clients reached
- » Total loans disbursed
- » Increase in transaction
- » Out-of-branch transactions

Economic development

- » No. of loans to MSMEs
- » Size of loan to MSME
- » No. of jobs supported

Empowerment & reduced inequalities

- » % female clients
- » % rural clients
- » % youth clients

AccessBank

- » Average loan portfolio
- » Growth of loan portfolio
- » Operating expense (cost-income ratio)
- » Permanent employees
- » Female senior management/board
- » Employee training days
- » Completed e-learning

AccessHolding

- » Total Assets
- » No. of institutions
- » Additional financial resources mobilized