

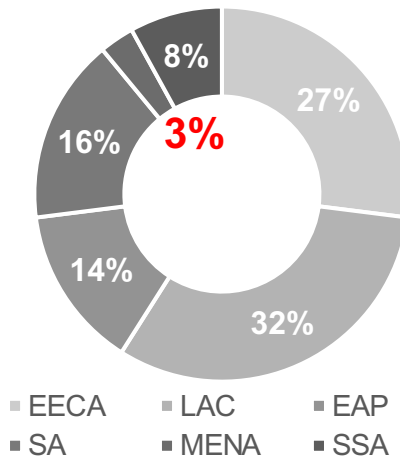
# MED MSME CONFERENCE

## Brussels 1/12/2022

Addressing the needs of the bottom of the pyramid  
CoopMed: an impact fund dedicated to the missing  
middle

# CoopMed: A fund dedicated to the MENA region

## The MENA region: an important funding gap

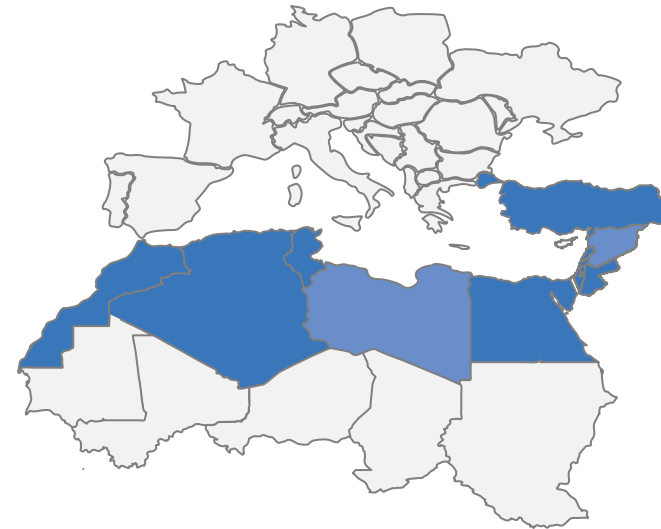


Eastern Europe & Central Asia (EECA); Latin America & Caribbean (LAC); East Asia & Pacific (EAP); Middle East & North Africa (MENA); South Asia (SA) Sub-Saharan Africa (SSA)

The Middle East & North Africa region is less served by private funds

MENA represents only 3% of the portfolio of existing microfinance investment funds. It is an underserved region while the needs are significant (source: Symbiotics MIV Survey 2018).

## CoopMed is a fund 100% dedicated to the Mediterranean region



### Eligible countries:

Morocco, Tunisia, Algeria, Egypt, Palestine\*, Israel, Jordan, Libya, Lebanon, Turkey

### Pending countries:

Libya and Syria will become eligible as soon as international restrictions are lifted.

\* This designation does not entail any recognition of Palestine as a state and is without prejudice to positions on the recognition of Palestine as a state.

# CoopMed: A fund dedicated to smaller financial institutions

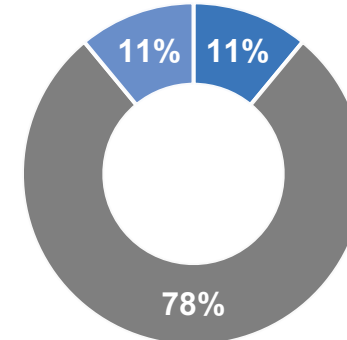
Smaller institutions are underserved by classic investment vehicles

	2016 Data	2017 Data
<b>Investee Size</b>		
% of Microfinance Portfolio in Investees with Total Assets of over USD 100m	45%	60%
% of Microfinance Portfolio in Investees with Total Assets between USD 10m and USD 100m	41%	38%
% of Microfinance Portfolio in Investees with Total Assets under USD 10m	14%	3%

Only 3% of the portfolio of existing microfinance funds is concentrated on the smallest MFIs (less than 10M EUR). More than 60% of their portfolio is focused on the same “usual suspects” which are the MFIs over 100M EUR (source: Symbiotics MIV Survey 2018)

Focus on small and medium MFIs

Repartition per Tier  
(31.12.2021)



■ Tier 1 ■ Tier 2 ■ Tier 3

90% of CoopMed clients have a total assets of less than 50M EUR. Out of these, 67% are structures with a portfolio of less than 20M EUR, underlying the strong commitment to this target.

Tier 3: less than 5M, Tier 2: 5 to 50M, Tier 1: more than 50M EUR of total assets.

# Key Figures

30.09.2022



## 5 Countries

MOROCCO, PALESTINE\*, TUNISIA,  
JORDAN, LEBANON



## 9 Clients

ACAD, ASALA (Palestine\*), AL KARAMA,  
ATTADAMOUNE (Morocco), AL MAJMOUA,  
CST For Loans & IBDA (Lebanon) , CFE  
(Tunisia), FINCA (Jordan)



## > 115 000 Final Beneficiaries

CoopMed clients finance more than 115K  
microentrepreneurs

## Portfolio of EUR 7,7M

Out of the investment capacity of EUR17,3M,  
EUR 7,7M are currently invested and EUR  
20M have been disbursed since the launch of  
the fund



## EUR 479K Average loan size

CoopMed offers loans ranging from EUR  
200,000 to EUR 2,000,000 with an average  
amount of EUR 479K on the current portfolio



EUR 1780 average loan per Final  
Beneficiary



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# CoopMed's Stakeholders

## Institutional Investors



TOTAL:  
**17,300,000 EUR**

Of which:  
4,750,000 EUR EIB  
3,000,000 EUR AFD

## Technical Assistance



TOTAL currently managed  
**661,000 EUR**

Of which:  
361,000 EUR EIB (previous 180K now closed)  
300,000 EUR AFD

## Investment Manager : Inpulse



Inpulse is a Belgian Investment Fund manager dedicated to social investments and inclusive finance. We manage registered alternative investment funds providing long-term financing to socially driven financial intermediaries. We strive to bring positive changes in the life of final beneficiaries while ensuring competitive financial and social returns for both our clients and investors. Inpulse is since March 2020 fully AIFM licensed.



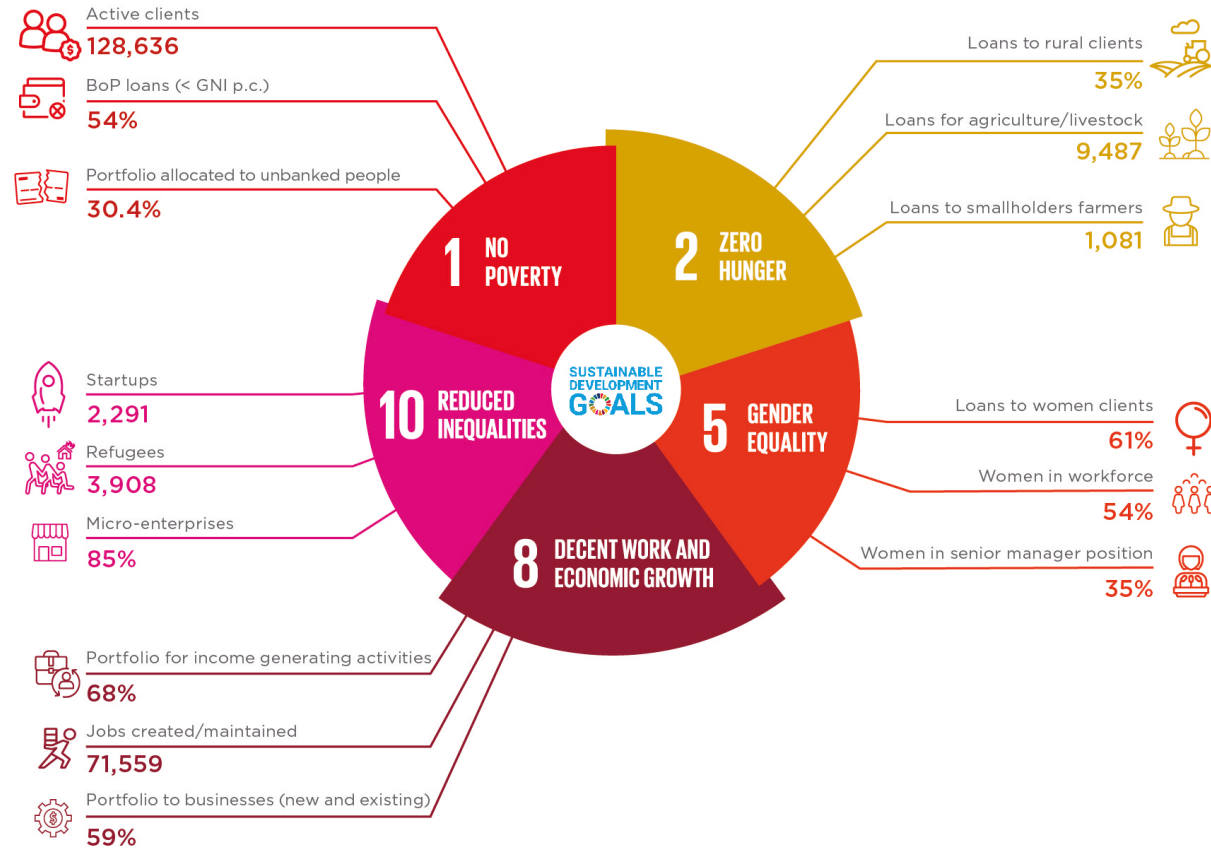
ESG PERFORMANCE  
&  
TECHNICAL ASSISTANCE

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# OUR SDG Performance



## CoopMed impact outcomes & SDGs (2021)



# Gender Equ(al)ity Approach

## Our methodology

### A gender Equ(al)ity Approach

CoopMed evaluates the gender performance of its funds at all stages of the investment: from the initial audit phase to the annual follow-up control. Thanks to the new ESG monitoring system new gender performance indicators, more precise and aligned with the 2X Challenge initiative. The objective is twofold: (1) to rigorously assess the gender impact of the CoopMed fund; (2) monitor the evolution of these indicators over the medium/long term in order to identify the impact objectives to be established with the partner MFIs. We grouped and analyzed the data collected around the 4 main criteria set out by the 2X Challenge initiative: Entrepreneurship, Leadership, Employment, Essential Goods and Services.



2XCHALLENGE Initiative		COOPMED GENDER ANALYSIS	
Criterion	Threshold	Indicators	Results
Women ownership or business founded by a woman	50%	Businesses founded (or maintained) by women (%).	65%

2XCHALLENGE Initiative		COOPMED GENDER ANALYSIS	
Criterion	Threshold	Indicators	Results
Women in senior leadership or women on the Board	30%	Women in senior management positions (%)	36%
Women on the Board or Investment Committee	30%	Women on the Board of Directors (%)	26%

2XCHALLENGE Initiative		GENDER ANALYSIS - COOPMED	
Criteria	Threshold	Indicators	Results
Products/services specifically or disproportionately benefits women	At least one product/service specifically addressed to women	Investees with specific financial products for women (%)	78%
		Investees with a client gender equality policy (%)	67%
Customers who are female	Women must comprise the majority of customers	Women clients (%)	62%
		Unbanked women clients who gained access to financial products (%)	22%

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CoopMed has carried out 20 TA actions in 4 countries (here below some exemples)



Al Majmoua  
Together we grow

Impact study on the living conditions of Syrian refugees

Location:

Lebanon

Specific objective:

Impact study to understand the results of the microcredit offer on the living conditions of Syrian refugees

Period:

April 2017 – March 2019

Budget:

EUR 70.000

Financial support:

European Investment Bank / Government of the Grand Duchy of Luxembourg



AL KARAMA  
Microfinance

Diversification of the offer of financial products dedicated to cooperatives

Location:

Morocco

Specific objective:

Develop and implement a new financial product dedicated to cooperatives

Period:

July 2018 - July 2019

Budget:

EUR 44.000

Financial support:

European Investment Bank / Government of the Grand Duchy of Luxembourg



شركة أكاد للتمويل والتنمية  
ACAD Finance

Support for the development of the strategy for the period 2019-2023

Location:

Palestine

Specific objective:

Develop a strategic plan and a business plan for the period 2019-2023

Period:

August 2018 – January 2019

Budget:

EUR 33.500

Financial support:

Agence Française de Développement

# Challenges of serving the BOP in MENA



Despite those challenges CoopMed succeeded to disburse around **+21M EUR** in 7 years of operations, to give access to funds to **11 institutions**, to keep a strong focus on the social mission and **drive for impact!** CoopMed has proven added value and the need for **targeting the missing middle** via our instrument

# Challenges and solutions(1)

Let's be creative!



## The challenge

### **Small tickets are not profitable:**

According to our internal data 80% of MENA microfinance market is made of MFI with a total assets below M 50 EUR (eq in local currency). Smaller loans to local institution with no possible guarantee tend to be unprofitable for lenders given the high costs of serving them. MENA market is fragmented but supporting local actors make a lot of sense to favor competition, innovation and local embeddedness.

BUT those MFIs cannot absorb high tickets == funding gap because serving those institutions is not profitable

How to manage?



## The proposed solution

### **Origination incentive:**

Example of Helenos : a PE investment fund managed by Inpulse which targets MSME FI and social fintech in Europe.

Helenos received a transaction cost grant (380K EUR) from DGEMPL to finance part of the investment process costs (screening, DD, monitoring) and incentive the fund to target the BOP.

# Challenges and solutions (2)

Let's be creative!



## The challenge

### **High FX cost and difficulties to hedge controlled currencies:**

In the MENA region several countries have controlled monetary systems (e.g., Egypt, Morocco, Tunisia) or are faced with situations of strong monetary tension (compared to the EUR) or even devaluation (Lebanese pound). FX risk is a key challenge for smaller financial inclusion actors who may lack the know-how and expertise to understand and best respond to these subjects. This greatly complicates the possible solutions to be provided for managing exchange rate risk and requires technical, legal and financial engineering support.



## The proposed solution

### **An holistic approach in partnership with EIB/Grand Duché du Luxembourg**

Thanks to 360€k grant a TA project is implemented to support/strengthen investees through 2 integrated actions :

- 1) **A compensation FX costs mechanism** to bridge the gap between sustainable pricing for the lender and affordable pricing for the MFI in order to make lending in local currency available.
- 2) **Asset Liability Management (ALM) training** to reinforce financial departments, ALCOs (Asset & Liability Committee) or Boards of Directors are essential to ensure sustainability on the long run and to reduce dependence from grants.