



SOCIAL CAPITAL

MCE SOCIAL CAPITAL

*Impact
Report
2022*

Dear Friends of MCE,

Despite the headwinds the global economy experienced in 2022, we saw many encouraging signs across our portfolio.

Local economies are reviving, with increased demand for our capital as microentrepreneurs grow their businesses and farmers increase their productivity.

The SGBs in our portfolio **grew their revenues by an impressive 46%** on average in 2022. This translates into increased purchases of products like vanilla, coffee, and grains from smallholder farmers, resulting in more farmer income. This is not to underplay the challenges we're seeing in rural communities as food insecurity increases and inflation bites into household well-being — but we're encouraged by the growth.

At the same time, climate change disruptions threaten to reduce crop yields and increase the number of market shocks. We're proud to see so many of our partners on the front lines of building resilience to climate change — read more about climate champions in our portfolio on page 22.

In financial inclusion, the 2022 release of the new World Bank Findex data held some good news about closing the gender gap in access to financial services. We've long known that access enables financial independence and furthers economic empowerment for women. After years of stalled progress, **the gender gap in financial account ownership finally edged downward**, from nine to six percentage points. Progress!

Within this context, we're pleased to see our financial service providers growing their outreach to new clients, especially women. On a combined basis, our partners provide **over \$3 billion in loans to low-income clients**, 64% of whom are women.

We're also growing at MCE. To respond to the demand for our capital, MCE has formally launched a new impact debt fund, the MCE Empowering Sustainable Agriculture fund (MESA), which provides transformative capital to agribusinesses, either through direct lending to “missing middle” enterprises or to rural financial service providers. With our February 2023 launch at \$20M, we're halfway to our \$40M target!

Finally, we were thrilled to have a group of 20 supporters join us for field visits in Costa Rica this past March. I spent the early part of my career in Indonesia, and it was grounding to be back in the field, directly seeing the impact our partners have on specialty coffee growers, guava farmers, and other rural enterprises. It was also a reminder of the truly committed, engaged, and talented MCE community — staff, board, Guarantors and investors — that I feel blessed to know.

Thank you for furthering our work.

Sincerely,

Camilla Nestor 

table of contents /

	INTRODUCTION
02	Letter from Camilla Nestor, CEO
04	2022 Snapshot
06	2022 Highlights
08	Mission and Impact Thesis
10	Our Model
	OUR PORTFOLIO
12	2022 Investment Trends
14	Lessons Learned From Our Partners
15	Financial Service Providers
16	Small and Growing Businesses
18	Regenerative Agriculture
20	Spotlight on Climate Champions
	OUR IMPACT
24	Impact Overview
26	Financial Service Providers — By the Numbers
28	Small and Growing Businesses — By the Numbers
30	Impact First
	OUR GLOBAL COMMUNITY
34	Our Guarantors
36	Our Team
38	Our Investors and Partners
	OUR FINANCIALS
40	Revenues and Expenses
42	Sources of Funding and Key Financial Ratios
43	

2022 snapshot /

\$40M+

NEW DISBURSEMENTS

50 32

PORTFOLIO
COMPANIES

COUNTRIES

\$64.5M+

AUM AT END OF YEAR

2M

TOTAL END BENEFICIARIES SUPPORTED

+45%

INCREASE IN FSP END BORROWERS

+8%

INCREASE IN SGB FARMERS REACHED BY
PORTFOLIO COMPANIES

Latin America

PORTFOLIO: \$23.4 MILLION
INVESTMENTS: 21 CLIENTS

Multiregion

PORTFOLIO: \$1.3 MILLION
INVESTMENTS: 1 CLIENT

Eastern Europe

PORTFOLIO: \$4.3 MILLION
INVESTMENTS: 2 CLIENTS

Central Asia & the Caucasus

PORTFOLIO: \$11.9 MILLION
INVESTMENTS: 6 CLIENTS

East & Southeast Asia

PORTFOLIO: \$9.8 MILLION
INVESTMENTS: 6 CLIENTS

Africa

PORTFOLIO: \$13.8 MILLION
INVESTMENTS: 14 CLIENTS

- Financial Service Provider (FSP) portfolio countries
- Small and Growing Business (SGB) portfolio countries
- Active countries in both portfolios
- Additional countries reached by multicountry investments

*Historical countries within portfolios shown in lighter shades

2022 highlights /

We dedicated 2022 to building the foundation for MCE's growth over the next decade. Our finance and operations team invested in systems for scale. Meanwhile, the business development team focused on growing our pool of supporters to bolster our expansion. The investment team responded to increasing demand for our capital, closing the year with a record-breaking **\$40M+ in disbursements**.



FINANCERIA FAMA
/ NICARAGUA / FSP

These disbursements stem from a rising need for our financing at the entrepreneur, microentrepreneur and smallholder level. Specifically, the FSPs in our portfolio saw a 22% average increase in gross loan portfolio across regions, and our SGB clients grew their sales

by 46% on average compared to 2021— meaning more revenue for smallholder farmers.

In response to this growth, MCE started fundraising for MESA, a new blended finance vehicle providing transformative debt capital to gender-inclusive

agribusinesses. Throughout 2022, staff members worked tirelessly with our partners and supporters to structure the fund and secure the right investors. This dedication resulted in a successful first close of \$20M in early 2023.

Our team was excited to be back out and about in 2022, spending time with our partners and portfolio companies. Our investment staff visited a total of 23 existing or prospective portfolio companies across 17 countries.

mission + impact thesis /

Our Mission

We unlock capital to empower families living in poverty to build a better future.

Impact Thesis

We believe that if MCE invests flexible and appropriate capital in enterprises committed to generating **sustainable livelihoods**, with a focus on **women** and the **environment**, these enterprises can scale and better serve their customers, their employees, and their communities, generating sustainable and inclusive economic growth.



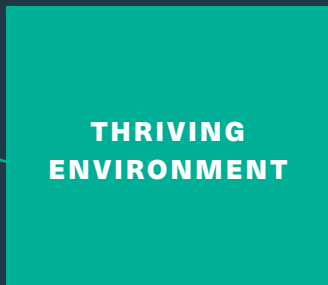
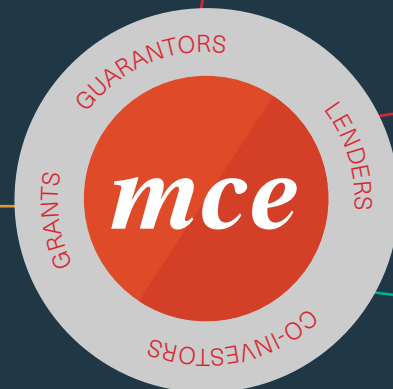
LIVELIHOODS



WOMEN &



ENVIRONMENT



our model /

MCE Guarantors — more than 200 high-net-worth individuals and foundations — are the driving force behind our work with high-impact enterprises in emerging markets. **The MCE model empowers Guarantors to leverage their excellent credit** to guarantee MCE's portfolios, which enables MCE to borrow capital from U.S. and European financial institutions and accredited investors. MCE then strategically deploys debt capital, focusing on investing in women and the environment, to two types of organizations:

Financial service providers (FSPs) create opportunities and improve the economic security of their micro- and small-business clients with financial products such as loans, savings, and insurance. These providers also offer ancillary services such as technical assistance and financial literacy programs to bolster their clients' growth.

Small and growing businesses (SGBs) in agriculture, water and sanitation, and renewable energy create sustainable jobs in rural economies, raising smallholder farmers' income and increasing climate resilience.

52x

FSP PORTFOLIO GUARANTOR
MULTIPLIER EFFECT

An FSP Guarantor who joined in 2006 has personally enabled more than \$3.1M in loans to FSPs across the developing world. Compared to their total \$60,013 in charitable gifts to MCE since 2006, the multiplier effect on that Guarantor's capital is over 52x.

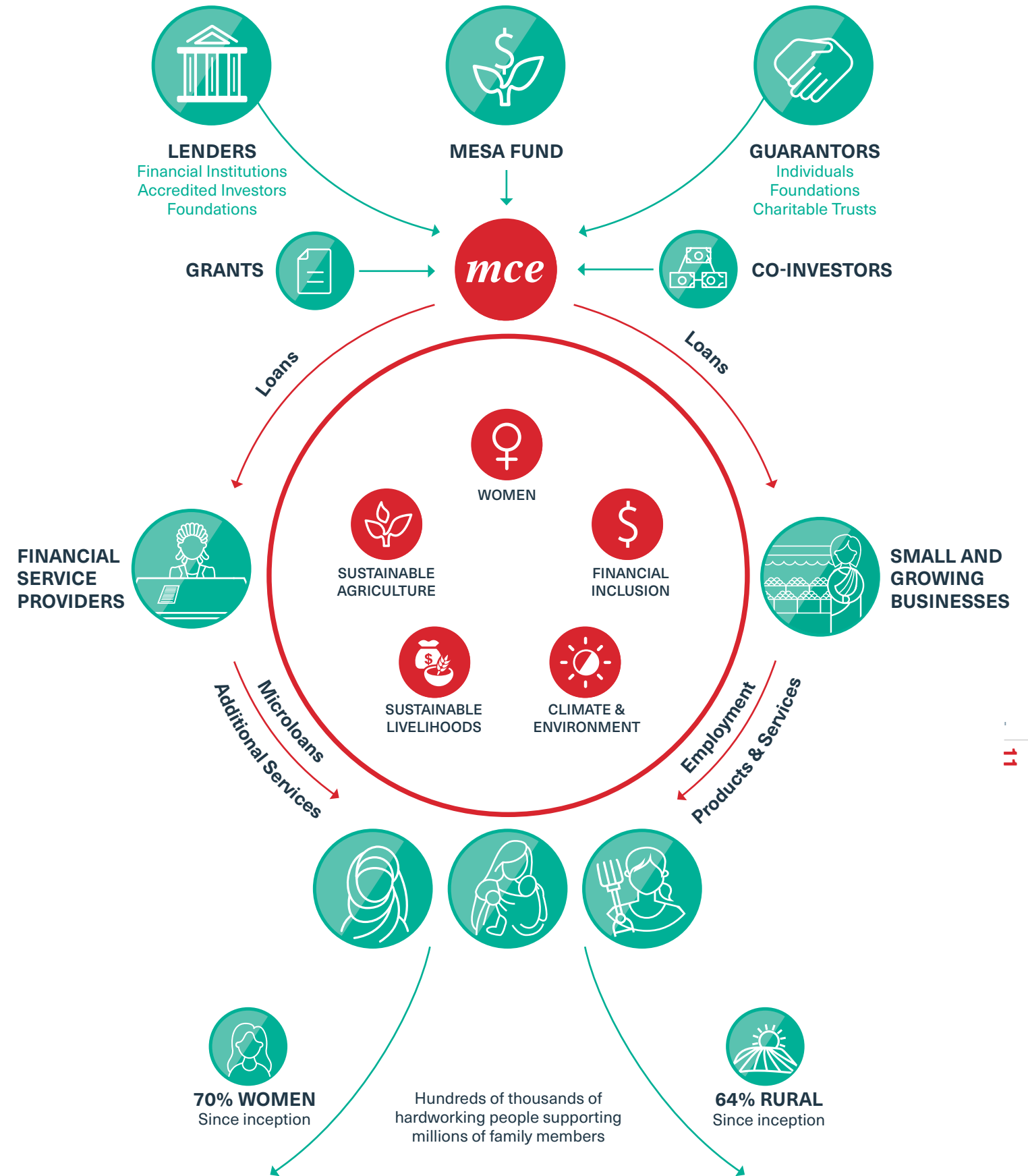
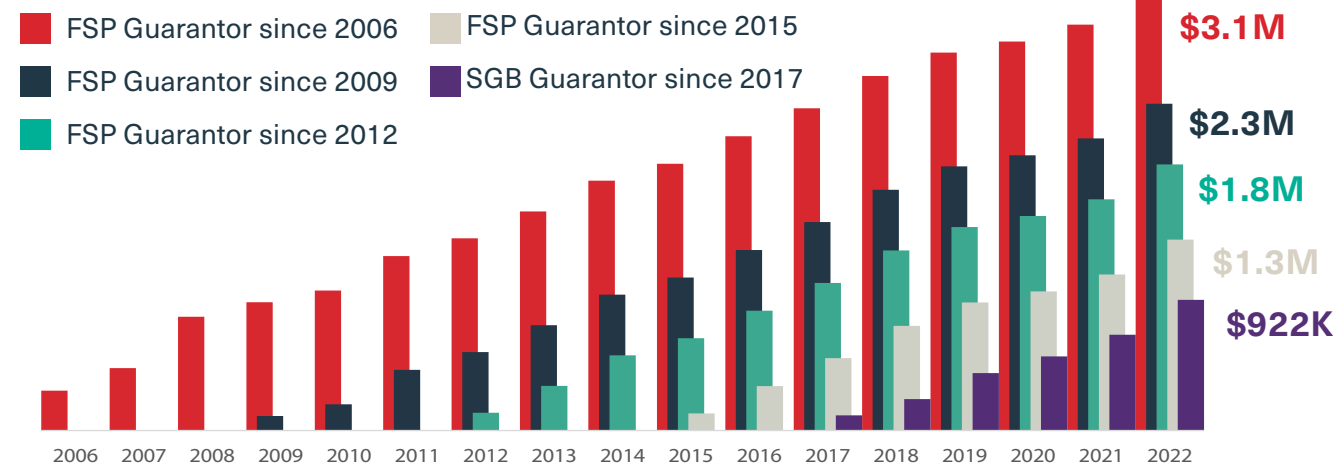
27x

SGB PORTFOLIO GUARANTOR
MULTIPLIER EFFECT

An SGB Guarantor who joined in 2017 has personally enabled more than \$922K in loans to SGBs across the developing world. Compared to their total \$34,238 in charitable gifts to MCE since 2017, the multiplier effect on that Guarantor's capital is over 27x.

THE POWER OF A GUARANTEE:

CUMULATIVE AMOUNT DISBURSED PER GUARANTEE UNIT



our portfolio /

“

We are deeply proud of our portfolio growth in 2022 and the caliber of our investees: high-impact companies providing financial services to low-income households and small and growing businesses promoting organic, regenerative agriculture and agroforestry while supporting the smallholder farmers they work with.”

ELENA PONS / CHIEF INVESTMENT OFFICER



2022 investment trends /

LEANING IN

Imagine how far and fast we'd move without such a headwind. That's the inspiring truth of 2022. After the Russian invasion of Ukraine in February as one early example, the year delivered a heart-wrenching, volatile and unpredictable mix of challenges following the pandemic. Still, watchwords include growth and recovery, with caveats.

We're All Connected

- Pandemic health issues gave way to social unrest in some countries, with increasing violence and instability leading to more emigration.
- In Southeast Asia, Myanmar has remained a hot spot of economic crisis and political turmoil since the coup in early 2021.
- In Eastern Europe, neighbors to Russia and Ukraine dealt with disrupted trade, supply chains and flow of payments alongside large influxes of refugees.

Weathering the Storm

Average growth of **22% in gross loan portfolio for FSPs** and impressive performance by many of our SGBs came with the stress of tighter margins, primarily related to rising interest rates, inflation and hesitant investors. Rising food prices are a double-edged sword for smallholder farmers, on the one hand offering greater income-earning potential, but on the other hand pinching household food budgets.

Making Headway

Despite formidable forces at play locally, regionally and globally, our partners made



notable progress. Across our SGB portfolio, total **sales increased by 46%**, businesses **increased the number of smallholder farmers they source product from by 8%**, and the **number of jobs created increased by 14%**.

Climate change action increased, with more FSPs offering environmental products, services or training. At the same time, **75% of SGBs in our portfolio have an environmental certification**, including Regenerative Organic and Rainforest Alliance.

Technology advanced across MCE's clients, especially in Latin America and sub-Saharan Africa. In addition to reducing barriers to entry for entrepreneurs and making their businesses more visible and competitive, digitization increased cost savings for microfinance institutions due to less need for brick-and-mortar infrastructure.

Gender equality increased or held steady as more MCE FSPs were led or founded by women. In 2022, **women made up 38% of the farmers that SGBs sourced from and 64% of FSP clients**, while senior management positions held by women increased.

Lessons learned from our partners /

THE REWARDS OF RISK

Access to affordable, flexible capital makes the difference for entrepreneurs and small businesses navigating a volatile and uncertain world.

MCE Social Capital's willingness to invest in the face of adversity (when many others choose to play it safe) puts entrepreneurs in a better position to adapt. What's the impact of facilitating strength through hardship? We see more civil, social and environmental progress.

Here's what happened as small and growing agricultural businesses used much-needed capital to lean into adversity and move beyond business as usual. These examples offer a case study in fostering resilience.

INNOVATION IN ACTION

Disruptions in suppliers, buyers, trade routes or transport methods can change a successful business to a failing one overnight. Fortunately, entrepreneurs in MCE's portfolio had the resources to pivot.

1) Adaptable Supply Chains

When world events made water routes to the Netherlands impassible, one company adapted its infrastructure to ship smaller quantities of grain more frequently over land. Another company selling nonperishable spices created systems to hold more inventory until markets could receive the product, an alternative to just-in-time supply models.

2) Robust Domestic Sales Channels

We saw businesses find success by selling more of their product domestically. MCE portfolio company East Africa Fruits operates with a diversified domestic sales base, collecting produce from nearly 5,000 smallholder farmers in Tanzania and delivering to wholesaler customers in Dar Es Salaam. This regional model offers insulation from some of the larger geopolitical forces.

3) Digital Innovation

A digitized business becomes exponentially more responsive and visible than an analog one in marketing, sales, communications, data analytics and financial insights. Taking digitization to the next level, MCE portfolio company Good Nature Agro in Zambia has been scaling up to provide 11,000 smallholder farmers with technical assistance for nearly a decade. Their next move involves building a digital fintech platform to provide credit services as part of a larger vision to use digitization to lift farmers out of extreme poverty.



“

In 2022 SGBs entered a chapter filled with new challenges — war, inflation, volatility and increasing energy costs. With **strong risk management** in the upcoming year, we'll continue supporting those entities that create **tremendous impact** in the communities they serve.

MARIA RAURELL /
DIRECTOR OF INVESTMENTS AND RISK

financial service providers /

“The money I got from Agora Microfinance has allowed me to **grow my business**. I now have more stock in my business, and my husband has been unwell, so I am able to take him to the hospital.”

FEMALE SMALLHOLDER / 48
Agora Microfinance / Zambia / FSP

Over **1.4 billion people** worldwide — more than half of them women — lack access to formal financial services.¹ Although financial services alone will not alleviate poverty, they help people build assets, manage risks and unpredictable income, and gain the freedom to decide how to make and spend money.



A Finamiga microborrower outside her shop in Colombia.
FINAMIGA / COLOMBIA / FSP

MCE's Financial Service Provider (FSP) portfolio provides capital to institutions in emerging markets that focus on sustainable livelihoods, investing in women, and, increasingly, climate resilience. These providers create opportunities and improve the economic security of their micro- and small-business clients with financial products such as loans, savings, and insurance. These providers also offer ancillary services such as technical assistance and financial literacy programs to bolster their clients' growth.

MCE carefully selects financial service providers committed to creating a positive impact for women, smallholder farmers, and entrepreneurs in low-income communities.

As of December 31, 2022, our FSP portfolio consisted of \$54.6 million outstanding in 37 FSPs operating across 26 countries. The FSP portfolio is backed by over \$130 million in loan guarantees.

KEY PORTFOLIO METRICS as of December 31, 2022

\$54.6M

OUTSTANDING PORTFOLIO

37

PORTFOLIO COMPANIES

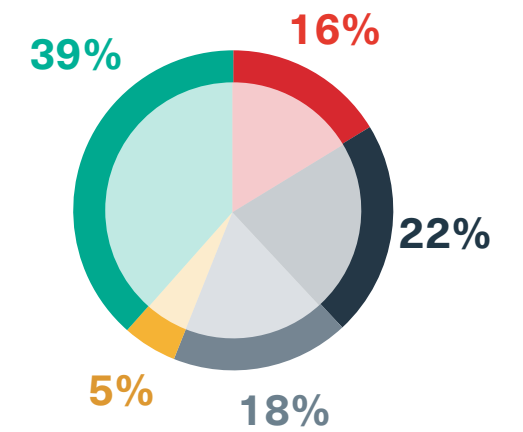
26

COUNTRIES REACHED

\$32.9M

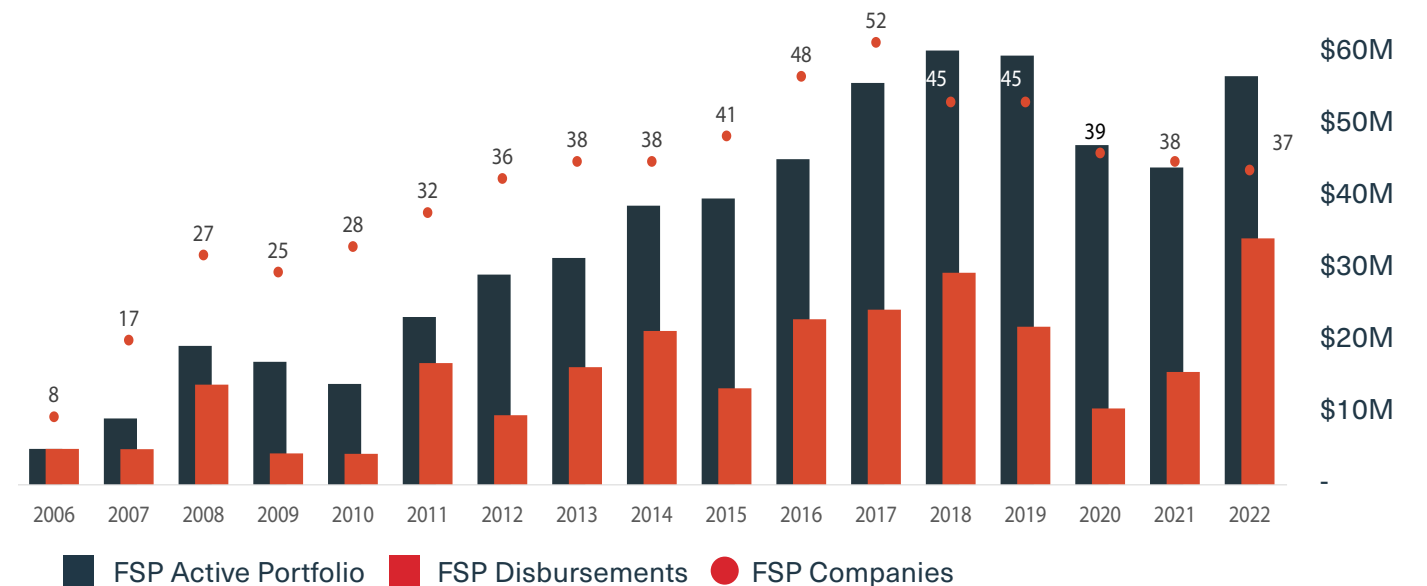
DISBURSED IN 2022

PORTFOLIO DIVERSIFICATION BY REGION as of December 31, 2022



- Africa
- Latin America
- Eastern Europe
- Central Asia & Caucasus
- East & South East Asia

FINANCIAL SERVICE PROVIDER PORTFOLIO with yearly disbursements and number of active companies



Our disbursements to FSPs in 2022 increased 118% year over year due to a significant increase in end borrowers for our portfolio companies.

small & growing businesses /

“MCE is among a small group of organizations that provide patient debt capital — often with a gender lens and always an impact focus. **Respecting the dignity of its borrowers**, MCE fills a vital role in financing small to medium-size businesses in low-income countries. The flourishing and growth of its partners is an overarching goal.”

PETER CHOO, MD
MCE Guarantor

SGBs often lack access to sufficient, appropriately structured growth capital, despite their importance in driving job creation and entrepreneurial activity in emerging markets. **Over 70% of the financing demand from smallholder farmers and agriculture SGBs remains unmet.**²



Jane Charles Kimaro, partner of MCE portfolio company Natural Extracts Industries, cultivates vanilla on her farm in the Kilimanjaro Region of Tanzania.
NATURAL EXTRACTS INDUSTRIES / TANZANIA / SGB

MCE’s Small and Growing Business (SGB) portfolio addresses this market gap by serving SGBs in the “missing middle” — those that are too big for microfinance and yet too small for commercial lending. With a focus on investing in women and the environment, our SGB portfolio provides catalytic and flexible debt capital to SGBs in the agriculture, water and sanitation, and clean energy sectors. Our portfolio companies create economic opportunities in rural economies, raise smallholder farmers’ incomes, and facilitate access to basic needs in underserved areas.

MCE is committed to ongoing partnership with these enterprises as they grow and scale to better serve their customers, employees, and communities, generating sustainable and inclusive economic growth. As of December 31, 2022, our SGB portfolio consisted of \$9.9 million outstanding in 13 SGBs operating across 19 countries. The SGB portfolio is backed by \$26.5 million in loan guarantees.

KEY PORTFOLIO METRICS as of December 31, 2022

\$9.9M

OUTSTANDING PORTFOLIO

13

PORTFOLIO COMPANIES

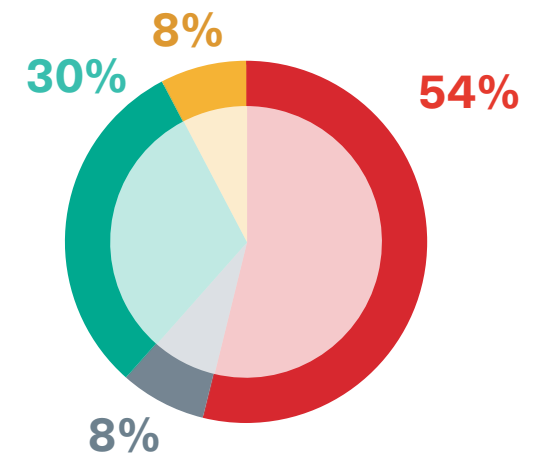
19

COUNTRIES REACHED

\$7.4M

DISBURSED IN 2022

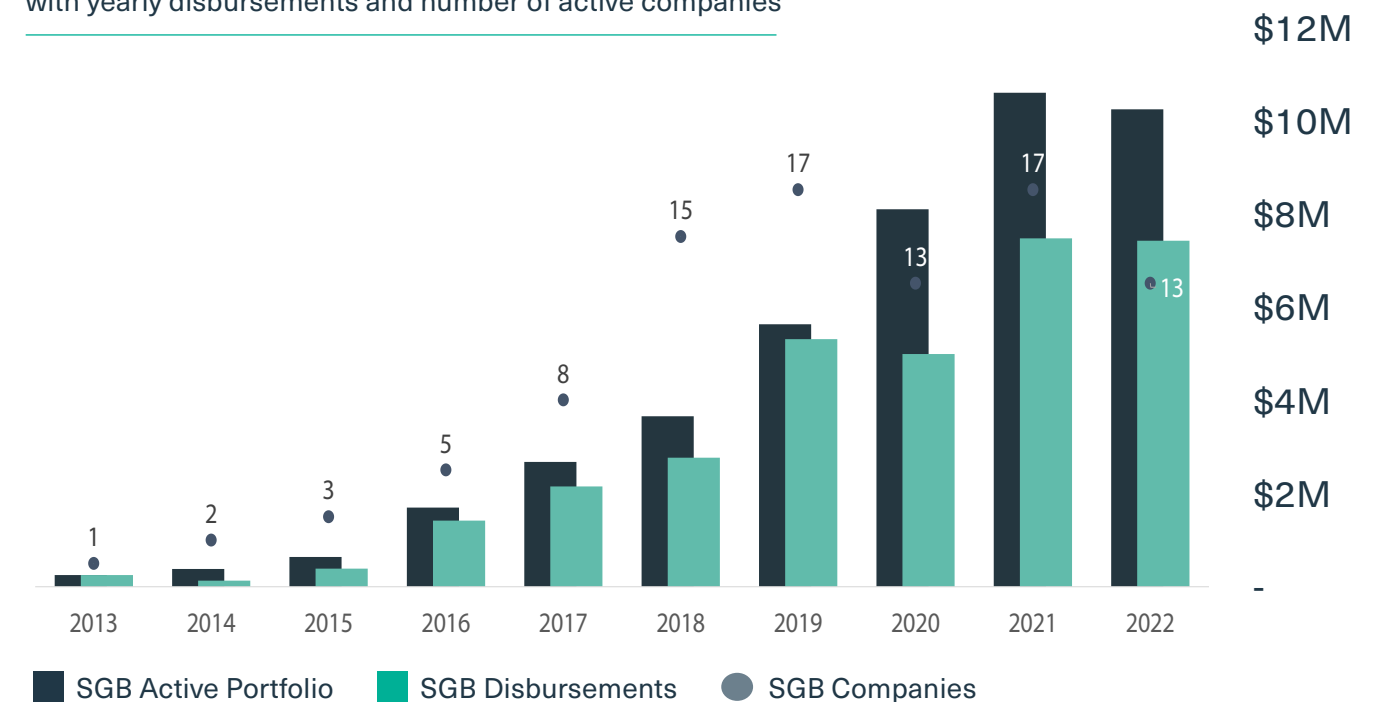
PORTFOLIO DIVERSIFICATION BY REGION as of December 31, 2022



- Eastern Europe
- Latin America
- Africa
- Multiregion

SMALL AND GROWING BUSINESS PORTFOLIO

with yearly disbursements and number of active companies



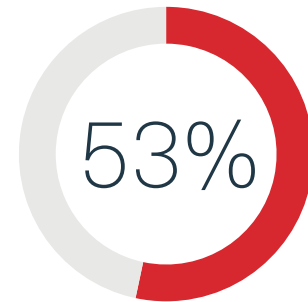
Our disbursements to SGBs in 2022 remained consistent with 2021 MCE averages, but we condensed our portfolio to include fewer companies as our average loan size increased.

regenerative agriculture /

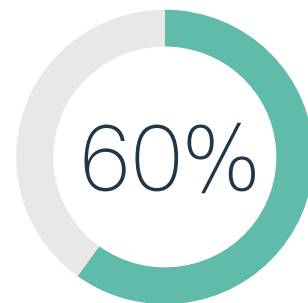
We seek out partners that build resilience, preserve natural resources, and enhance smallholders' ability to adapt to the effects of climate change.

A large share of MCE's end borrowers are smallholder farmers, a particularly vulnerable but vital group. Smallholder farming provides livelihoods for **2.5 billion people**³ and is responsible for producing **30-34% of the global food supply**.⁴ Unfortunately, these farmers represent a significant share of people living in poverty and have been facing increasing challenges due to climate change impacts. These impacts, like weather variability, invasive species, and soil degradation, have reduced crop yield, nutrient density, and livestock productivity. For smallholder farmers to thrive, they must adapt, using more resilient, efficient, and sustainable farming techniques.

With MCE's focus on investing in a thriving environment, we seek to address the interlinked challenges of environmental degradation, climate change, and food security. One impactful tool in this mission is **regenerative agriculture**. This term describes farming and grazing practices that reverse climate change by rebuilding organic matter and restoring degraded biodiversity in soils, resulting in carbon sequestration and water cycle purification. Regenerative practices like cover crops, crop rotation, and reduced tillage ultimately lead to an overall improvement in soil nutrient density and crop resilience during times of extreme weather.



OF SGB PORTFOLIO COMPANIES FACILITATE REGENERATIVE AGRICULTURE



OF SGB PORTFOLIO COMPANIES PARTICIPATE IN REFORESTATION OR CROP RENOVATION

713K

ORGANICALLY CERTIFIED HECTARES UNDER CULTIVATION

“

My way of producing pitahaya has improved by knowing how to prune, how to fertilize the land organically, and how to control pests.

SMALLHOLDER FARMER /
Sol Orgánica/
Nicaragua / SGB

“

[East Africa Fruits] taught me new techniques to increase my banana production by controlling crop pests and improving soil fertility.

SMALLHOLDER FARMER /
East Africa Fruits /
Tanzania / SGB



Female farmer
ALDEA GLOBAL /
NICARAGUA / FSP

MCE contributes to improvements in labor and land productivity by investing in small and growing businesses that offer a combination of technical assistance, high-quality inputs, regenerative agriculture training, and market access. Productivity issues are at the heart of economic development challenges in the regions we serve.

Even so, the expansion of farmland threatens biodiversity. With growing

populations, particularly in sub-Saharan Africa, conservation requires increasing yield per hectare, reducing food waste and losses, and optimizing trade and logistics. By providing debt financing solutions to small and growing businesses that offer innovative products and services addressing these areas, MCE contributes to positive financial and environmental outcomes for smallholder farmers and their communities.

spotlight on climate champions /

Many of MCE's portfolio companies are leaders in their industries for climate-forward solutions and practices. Below are some of the innovative companies championing this movement.



Sol Organica is a certified B-Corporation in Nicaragua that works to improve the livelihoods of tropical fruit farmers by maximizing their agricultural potential and promoting the use of sustainable and organic farming practices. The organization has a strong track record of increasing crop yields and farmer income through technical assistance and offering price premiums for certified produce. A team of agronomists meets with each producer at least three times per year to provide training on farming and environmental practices and certification requirements. Sol Organica itself holds four environmentally friendly certifications, FSA (Farm Sustainability Assessment), Organic, Non-GMO, and ROC (Regenerative Organic Certification), and **82% of their 1,000+ smallholder farmers** are certified organic.

\$997K

LOAN IN 2022



Aldea Global is a Nicaraguan association whose key activity is the sourcing and exporting of premium coffee from **14,000+ small-scale farmers** to buyers in Europe and North America. In addition, Aldea Global provides microfinance services, access to high-quality inputs, technical assistance and certification support to its associates. Their foundation Fundación Aldea promotes initiatives that uplift rural communities, primarily through financial and environmental education, regenerative agricultural practices, and climate change adaptation and mitigation.

\$500K

LOAN IN 2021



\$500K

LOAN IN 2022



Amazonas is a Brazil nut company that sources nuts from over **1,500 rural farmers** in Bolivia, processes them, and ships them to U.S. and European buyers. Amazonas has strong gender and environmental impacts — women account for the majority of company leadership, and Brazil nut production creates an alternative to unsustainable and illegal economic activities such as mining and logging. Due to the conditions it requires to thrive, the Brazil nut is inherently organic, and the sector strongly promotes responsible practices by increasingly adopting organic and fair-trade certifications. By uplifting the value of this sustainable crop in rural areas, Amazonas helps discourage deforestation in the region. They also have reforestation programs in place to actively restore land in regions experiencing environmental degradation.

\$1M

LOAN IN 2022



Community Markets for Conservation (COMACO) is a pioneering social enterprise engaged in developing communities and managing environmental protection projects across Zambia's Luangwa Valley. Formed to offer an alternative source of income for communities engaging in harmful practices like poaching or unsustainable agriculture, COMACO provides training, resources, and enhanced market access in a way that incentivizes forest and wildlife conservation, promotes household income and food security, and increases climate resilience for **250,000+ small-scale farmers**. Promoting practices like agroforestry, regenerative agriculture and energy efficiency resulted in **883,000 tons of CO2 sequestered and 93 million trees planted** in 2022 alone.

“

It's simple: MCE provides funds that otherwise may not be available for entrepreneurs, and, in doing so, supports women, smallholder farmers and business owners who create jobs that improve lives, families and communities.

MCE is more than just an organization; it's a diverse community that cares — with people from all ages, backgrounds and career paths committed to catalytic financing.”

JANET HEALY & DENNIS HOUGHTON /
MCE Guarantors

impact overview /

MCE makes selective investments in financial service providers and small and growing businesses that create a positive social and environmental impact for end beneficiaries across five continents.



Borrower of CACMU Ecuador.
PHOTO CREDIT: CACMU / ECUADOR / FSP

Since Inception (2006)

FINANCIAL SERVICE PROVIDER PORTFOLIO

\$259M+
DISBURSED TO

114
FINANCIAL SERVICE PROVIDERS

41
COUNTRIES

SMALL AND GROWING BUSINESS PORTFOLIO

\$32M+
DISBURSED TO

32
SMALL AND GROWING BUSINESSES

31
COUNTRIES

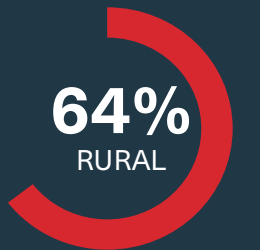
TOTAL PORTFOLIO

\$291M+
DISBURSED TO

146
PORTFOLIO COMPANIES

65
COUNTRIES

End Beneficiaries (cumulative since inception)

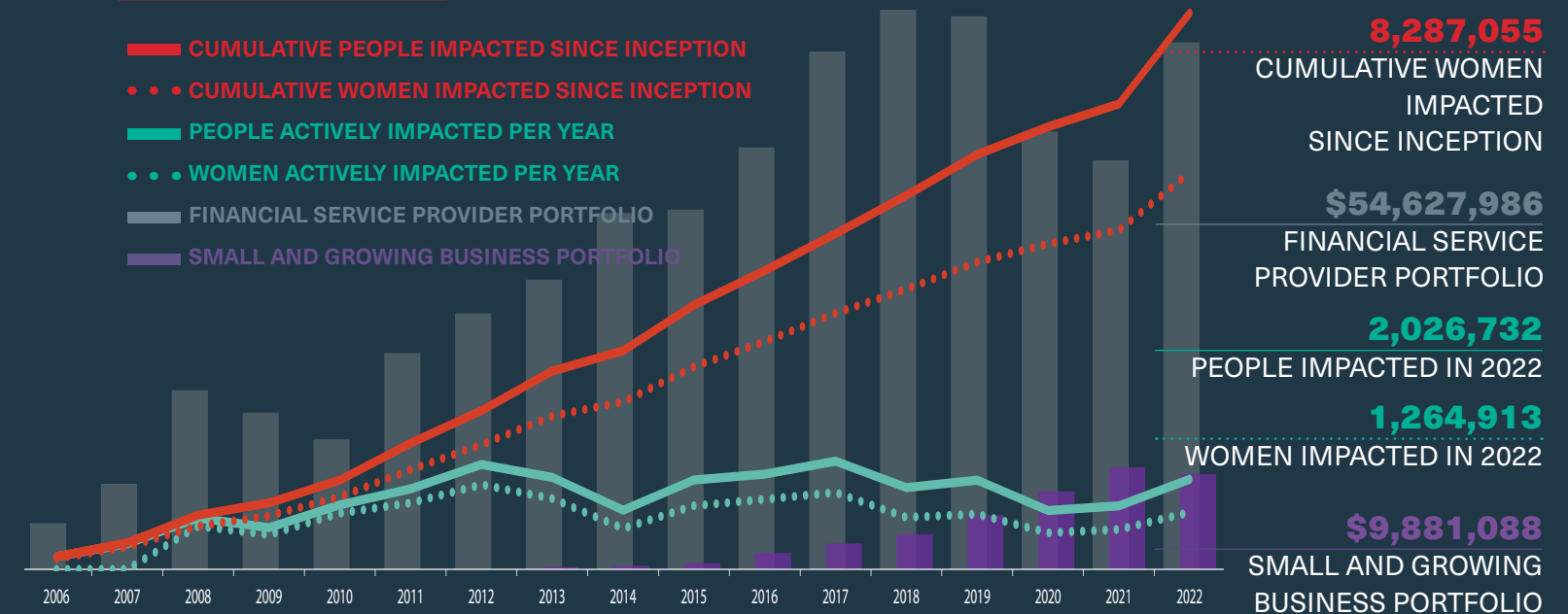


A note on counting end beneficiaries:

Using a combination of historic monitoring data and annual survey data, we are able to share these data-driven estimates for the number of people our portfolio companies have impacted.

These estimates count only direct beneficiaries of our portfolio companies. In reality, these loans support many more family members.

PEOPLE IMPACTED



EXTERNAL ALIGNMENT

MCE's investment strategy most closely aligns with five of the UN Sustainable Development Goals (SDGs), including SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 12 (Sustainable Consumption and Production Patterns), and SDG 13 (Climate Action). MCE gender lens investment targets were developed in line with the categories established by the 2X Challenge Criteria: Entrepreneurship, Leadership, Employment, and Consumption. MCE environmental impact targets were established with reference to all standard metrics developed by the Council on Smallholder Agricultural Finance (CSAF).

financial service providers / *by the numbers*

FSP PORTFOLIO IMPACT

as of Q4 2022:

\$3B+
IN MICROLOANS OUTSTANDING

1.9M+
ACTIVE BORROWERS

598K+
NEW BORROWERS REACHED IN 2022

\$1.6K
AVERAGE LOAN SIZE

1M+
PEOPLE WITH VOLUNTARY SAVINGS ACCOUNTS

ADDITIONAL SERVICES

383K+
PEOPLE RECEIVED BUSINESS EDUCATION OR FINANCIAL LITERACY TRAINING IN 2022

59K+
PEOPLE RECEIVED HEALTH EDUCATION OR MEDICAL SERVICES IN 2022

3K+
PEOPLE RECEIVED AGRICULTURAL TECHNICAL ASSISTANCE IN 2022

END BORROWERS

as of Q4 2022:



Women represented 64% of total end borrowers in our FSP portfolio, compared to 63% in 2021.



Rural borrowers represented 68% of total end borrowers in our FSP portfolio, compared to 62% in 2021.



Agricultural borrowers represented 25% of total end borrowers in our FSP portfolio.

EMPLOYMENT

17K+
EMPLOYEES OF FINANCIAL SERVICE PROVIDERS

42%
FEMALE EMPLOYEES

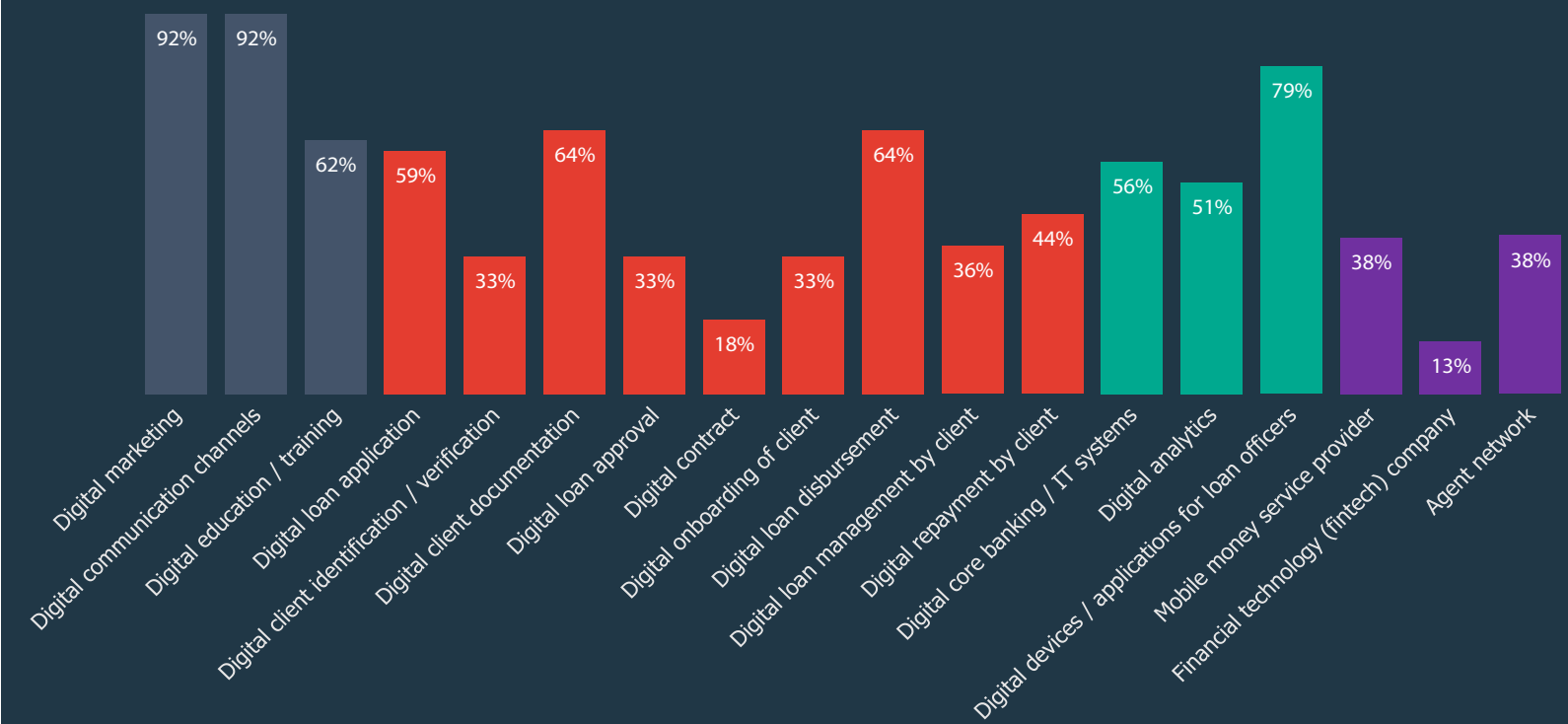
33%
WOMEN IN LEADERSHIP POSITIONS

DIGITIZATION

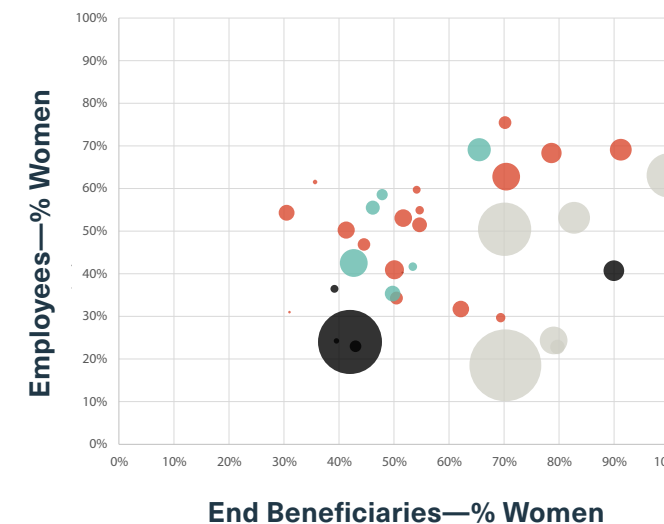
The pandemic accelerated the digital revolution already underway. Financial service providers quickly adapted by implementing low-touch financial services. The trend continued in 2022, resulting in reduced costs, improved client experiences, and safely and effectively delivered products and services to underserved communities. For the past two years, we surveyed our portfolio companies to understand the current state of digitization across our portfolio:

Client UX Products and Services Operations Partnerships

% of FSP portfolio companies 2022



WOMEN SUPPORTING WOMEN



Companies that employ more women reach more women clients. The chart to the left illustrates this positive correlation between the percentage of women employees and the percentage of women end beneficiaries within MCE's FSP portfolio. For every investment, MCE considers women's role in entrepreneurship, leadership, employment, and consumption of products and services.

- Latin America
- Africa
- Central Asia and the Caucasus
- East and Southeast Asia
- Eastern Europe
- Size denotes total # of women reached

small & growing businesses / *by the numbers*

SGB PORTFOLIO IMPACT

as of Q4 2022:

89K+

FARMERS WHO SUPPLIED SGBS

31K+

FARMERS TRAINED IN BEST PRACTICES

286K+

FARMERS RECEIVED HIGH-QUALITY INPUTS

90K+

FARMERS RECEIVED FINANCING OR CREDIT

\$19M+

IN FARMER REVENUE (PAID BY SGBs)

EMPLOYMENT

4.7K+

EMPLOYEES OF SMALL AND GROWING BUSINESS PORTFOLIO COMPANIES

2.3K+

PERMANENT EMPLOYEES

2.4K+

TEMPORARY EMPLOYEES

SMALLHOLDER FARMERS

as of Q4 2022:

Supplied crops

38%
WOMEN

Received training

59%
WOMEN

Received inputs

49%
WOMEN

Received financing

44%
WOMEN

WOMEN IN LEADERSHIP

16%

FEMALE FOUNDERS OR CO-FOUNDERS OF CURRENT PORTFOLIO COMPANIES

34%

WOMEN IN MANAGEMENT POSITIONS

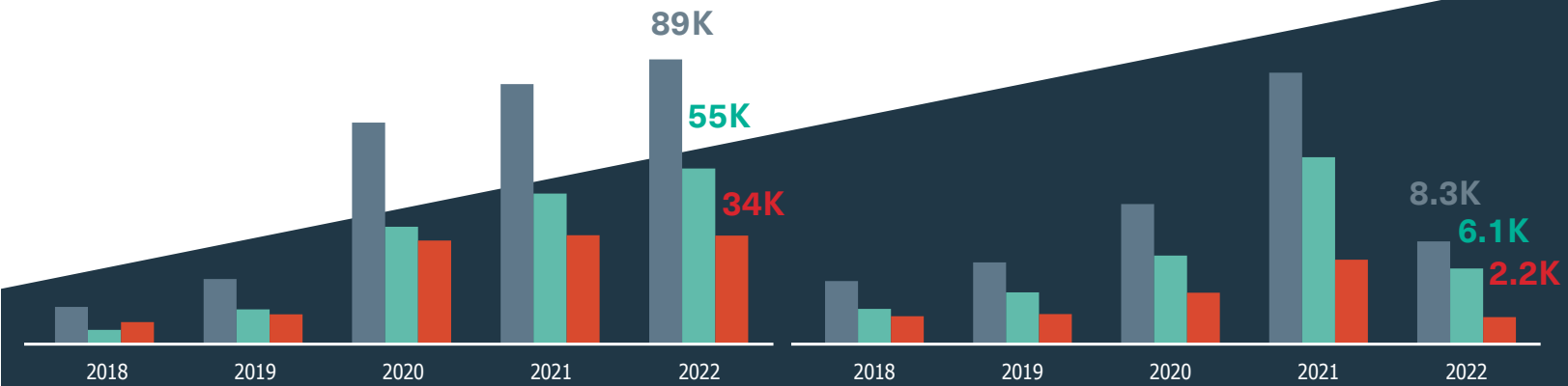
33%

WOMEN ON BOARD OF DIRECTORS

SMALLHOLDER SUPPLIERS

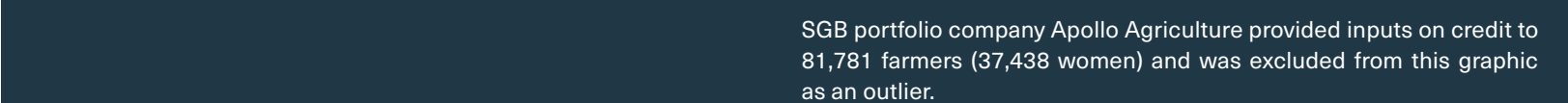
Smallholder farmers who sold crops to our portfolio companies

Total Men Women



SMALLHOLDERS WHO RECEIVED FINANCING

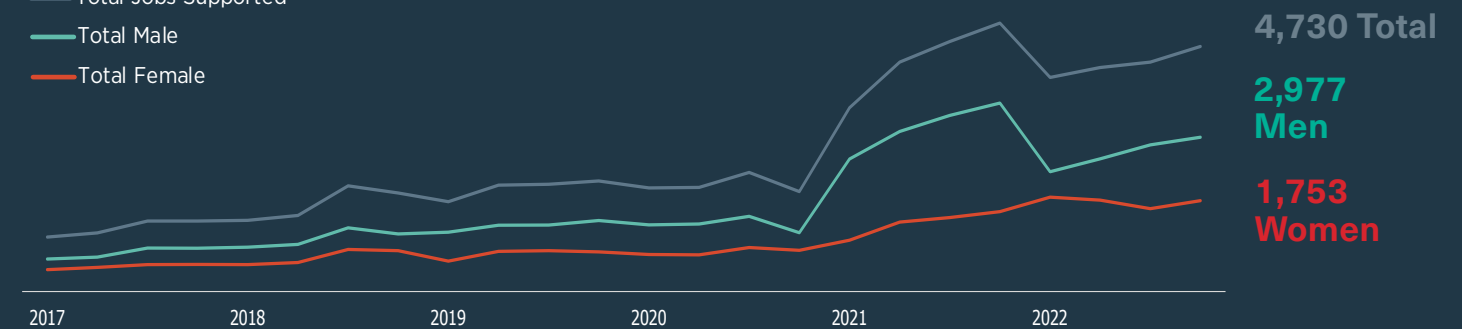
Smallholder farmers who received financing or inputs on credit from our portfolio companies



SGB portfolio company Apollo Agriculture provided inputs on credit to 81,781 farmers (37,438 women) and was excluded from this graphic as an outlier.

JOBS SUPPORTED

Total Jobs Supported
Total Male
Total Female



TECHNICAL ASSISTANCE



SGB portfolio companies provided technical assistance to **31,930** individuals in 2022.
PHOTO CREDIT: GOOD NATURE AGRO / ZAMBIA / SGB

67%

OF SGB CLIENTS ASSIST SUPPLIERS IN ADOPTING SUSTAINABLE AGRICULTURAL PRACTICES

impact first /

Impact is central to MCE's work, serving as a foundational measure of our success. In 2022, we went deeper in our cooperation with industry peers, interviewed more than 1,332 microborrowers with the support of 60 Decibels, and the IA50 2022 Manager list recognized us for our work.

We evaluate impact at each stage of the investment process:

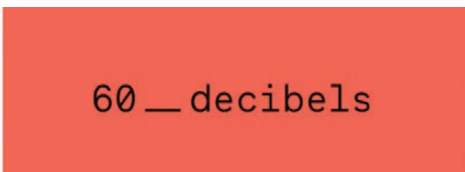
- 1 INITIAL ASSESSMENT
- 2 DUE DILIGENCE
- 3 INVESTMENT MEMORANDUM
- 4 CONTINUOUS MONITORING
- 5 ANNUAL IMPACT SURVEY



RECOGNITION OF IMPACT
MCE was selected for the Impact Assets IA50 2022 list. The IA50 recognizes a diverse group of impact investment fund managers committed to generating positive social, environmental, and financial impact.



INDUSTRY COOPERATION
CSAF regularly convenes leading agriculture investors to share key learnings and address barriers to market growth. MCE has been a proud global affiliate since 2020.



IMPACT MEASUREMENT PARTNERSHIP
In 2022, MCE financed or co-financed the participation of three FSP portfolio companies in the annual 60 Decibels Microfinance Index, and two SGB portfolio companies undertook in-depth studies with MCE's support.



Operating Principles for Impact Management

EXTERNAL IMPACT VERIFICATION
MCE is a signatory to the Operating Principles for Impact Management. The Impact Principles, launched in April 2019, provide a framework for investors to ensure that impact considerations are purposefully integrated throughout the investment life cycle.

Faustine Wilfred Kilumile is a potato farmer in the Njombe region of Tanzania. Since working with EAF, he has expanded production, increased yields, set up a shop to sell inputs to fellow farmers, and opened his first bank account.
EAST AFRICA FRUITS / TANZANIA / SGB



A recent study by **60 Decibels** found just how impactful East Africa Fruits' work is in the lives of smallholder farmers. Their survey of EAF participants found that **90% of farmers report improved quality of life**, one saying, "My income has increased due to their price offers so I have been able to provide for my family, and I have started to build our house." As a result of EAF's training in sustainable farming techniques, **91% of farmers reported an improvement in their farming practices**. By promoting sustainable farming, EAF is not only protecting the environment, but also enhancing the livelihoods of the farmers they work with.

spotlight on impact /



East Africa Fruits (EAF) was formed in 2015 with a vision to eliminate food waste in East Africa with efficient food distribution systems while ensuring that smallholder farmers have a stable and growing source of income.

While over **75% of the Tanzanian population** rely on the agricultural sector for their livelihoods, Tanzanian farmers face many barriers to sustainable livelihoods and often live below the poverty line. EAF improves farmer incomes and market access by **reducing post-harvest losses** and **adding value to fresh produce** through quality and timely delivery. Their unique business-to-business structure connects farmers directly to informal vendors, hotels, restaurants and supermarkets.

After seven years in operation, they now support **nearly 5,000 smallholder farmers** on crop planning, upgrading infrastructure and transitioning to sustainable practices.

“ I applied everything [EAF] taught — how to prepare land, irrigate and use fertilizer. **My yield increased from 80 bags per acre to over 100.**”

SMALLHOLDER FARMER / EAF / TANZANIA / SGB

our global community /

“

There are passionate and talented entrepreneurs all over the world, and many are outside established investment networks. MCE Social Capital's Guarantor model enables me to use my assets to fuel these entrepreneurs' efforts in frontier markets in Latin America, Asia and Africa, where they are making an enormous positive impact. And I can do this **without moving or reshaping a penny of my portfolio!** It's a win-win!”

KAREN KEATING ANSARA /

Founder/Chair NEID Global, MCE Board Member, and MCE Guarantor since 2010

our guarantors/

Our Guarantor community consists of accomplished global citizens and organizations committed to generating sustainable livelihoods in emerging markets. Their partnership with MCE powers our innovative model and allows us to work in some of the world's most challenging regions, where other lenders often won't go.

FSP Guarantors

2005

Dan Brunner **
Eric McCallum & Robin Smith
Janet A. McKinley **

2006

Arthur Rock
Tom & Meg Stallard
Swift Foundation**
Bill & Mary Way

2007

Kevin & Laurie Carnahan
The Clara Fund
James Davidson **
Kevin Dolan
Gary Ford & Nancy Ebb **
Cary Hart
Alan & Teri Hoops
Estate of Greg Ledford**
Meyer Family Enterprises
Sangeeth & Sindhu Peruri
Thomas R. & Marla E. Williams

2008

Joseph Brescia
Maggie Kaplan**
Linked Foundation
Sarah Marie Martin & Nicholas Brophy

2009

Jonathan C. Lewis
Peggy Rawls

2010

Karen Ansara
David & Gay Campbell
Sky Carver
Lori & Aaron Contorer
Benito and Frances C. Gaguine Foundation**
David Hills & Catherine McLaughlin-Hills
Jonathan Rubini
Carolyn Workman & Kurt Wacker

2011

1to4 Foundation†/John & Cathy Ayliffe
1to4 Foundation/2nd Unit
1to4 Foundation/3rd Unit
Ron & Marlys Boehm
Darlene Daggett
G.D.S. Legacy Foundation**
KL Felicitas Foundation
Anonymous

2012

Ellen & Karl Breyer
The Eucalyptus Foundation
Katharine Thompson
Anonymous
Anonymous

2013

1to4 Foundation/4th Unit
Armeane Choksi
Eileen Fisher
Mike & Diane Moxness
Angela & Anthony Ocone
Douglas Spencer
Levi Strauss Foundation
Adam J. Weissman Foundation
Anonymous

2014

John Coleman
Justin & Lindsay Morales

2015

1to4 Foundation/5th Unit
Kenneth Carson & Sally Foster
Neal & Florence Cohen
Cordes Foundation
Dennis Houghton & Janet Healy
Clark Mitchel
Jeff Perlis
Anonymous

2016

Tom & Betsy Balderston
Rick & Cathy Osgood
Theodore Petroulas
Scott Satterwhite

2017

1to4 Foundation/6th Unit
James J. Chu
Jon Freeman
Elizabeth Funk
Galloway Family Foundation Trust
Matthew W. Patsky
David Sonnenberg
Sunrise Foundation
Tara Health Foundation**
SJ Wilson Enterprises

2018

Beall Family Foundation
Amy M. Brakeman
Scott & Lisa Halsted
Mary Hedahl
Highlands Associates

Maryanne Mott
Kristin Hull
David W. Paulus
Skip & Shirley Rosenbloom
Gregg Schoen
Anonymous
Anonymous

2019

Christine A. Brown
Dunn Family Charitable Foundation
Isenberg Family Charitable Fdn*****
Nancy K. Lawrence
The Libra Foundation**
John T Swift 1990 Trust**
Anonymous

2020

Adrianus Kuiper§
Construct Invest BV§
Kevin & Ann Henrikson
Jonathan Louis & Suzanne Hidekawa Lane
Emanuel & Marilyn Sturman
Antoon van den Berg & Monique Jansen§*
Anonymous§***
Anonymous§
Anonymous

2021

Mike Cox
Christy Foley
John Hayden
Elizabeth Sheehan

2022

Anonymous
Sayuri Sharper **
Ed Brakeman
Alan Ledford

SGB Guarantors

2017

John & Cathy Ayliffe
Ron & Marlys Boehm**
Dan Brunner**
Kevin & Laurie Carnahan
Darlene Daggett

James Davidson**
Gary Ford & Nancy Ebb
Elizabeth Funk
Alan & Teri Hoops
Estate of Greg Ledford
Linked Foundation
Eric McCallum & Robin Smith**
Scott Satterwhite**

Antonis Schwarz§*****
Bill & Mary Way

2018

Beall Family Foundation
Ed Brakeman
Sayuri Sharper**

2019

James J. Chu**
Dunn Family Charitable Foundation**
The Eric T. & Elizabeth C. Jacobsen Foundation**

Anna Marie Lyles

2020

Nasim Bitzer**
Maryanne Mott
Anonymous
Anonymous

2021

Christopher Hormel
Ladybug Foundation**
Anonymous
Anonymous§

2022

Fortunat and Shana Mueller
Records-Johnston Family Foundation
Janet Prince and Peter Bergh
Catherine Skove
Linda Vista Foundation

“

I signed on to be a Guarantor because I believe in MCE's mission. The unique model allows me to make an impact with a powerful multiplier effect on capital provided. And I've become even more invested after interacting with the incredibly smart, driven, and passionate team members supporting amazing organizations all around the world making a huge difference for their communities.”

ALAN LEDFORD,
Guarantor since 2022

NOTE:
Guarantors listed by year in which they originally signed.

** Indicates the number of units a Guarantor has signed for as of December 31, 2021.

† 1to4 Foundation is MCE's partner in Switzerland through which European Guarantors can support MCE.

§ MCE Social Capital Stichting is MCE's Dutch Subsidiary.

our team /

75%
HAVE TRAVELED TO
15 OR MORE COUNTRIES

39%
BORN OUTSIDE THE U.S.

65%
HAVE WORKED OR HAVE
FAMILY THAT WORK IN
AGRICULTURE

78%
HAVE LIVED IN A COUNTRY
OTHER THAN WHERE THEY
WERE BORN

Our staff collectively speaks English, Spanish, Catalan, Portuguese, German, French, Italian, Mandarin, Swahili, Cantonese, Hebrew, Russian, Tagalog, and American Sign Language.

“My favorite thing about my job is the field visits, where I get an opportunity to see and learn about the real impact of our funding from end-user beneficiaries of the loans.”

NEWTON NTHIGA /
REGIONAL MANAGER, AFRICA



“True caring is at the core of MCE. We care about our clients, colleagues and peers, the environment, and about generating a positive impact in what we do.”

MONICA FURUYA / SR. INVESTMENT ANALYST



TEAM RETREAT IN
BARCELONA, JUNE 2022

“I am thankful for the opportunity to work with such a wide array of people committed to improving the lives of others — there is a common desire amongst all stakeholders to see transformation in the communities MCE serves.”

ANDREW WOODWARD /
IMPACT ANALYST

our investors + partners /

Our Investors, Lenders, and Co-investing Partners

Combined with the power of our guarantee pools, our private investors, institutional lenders, and co-investing partners are critical to our success, enabling us to deploy catalytic debt capital to meet the financing needs of high-impact financial service providers and small and growing businesses. They include:



Our Institutional Partners

We are incredibly appreciative of all of our institutional partners, as they strengthen our ability to carry out our mission in a number of important ways.



“I decided to invest with MCE because the team shares my family’s values. The groups that MCE funds deserve the same opportunities that helped us succeed. I can feel confident that my investments are helping create a more equitable and sustainable world.”

JOHN A. SOBRATO

The
SOBRATO
Organization

our financials /

“

MCE regained momentum in 2022. With a renewed demand for capital, drastic interest rate increases in the U.S. presented challenges to MCE's borrowing costs. However, our Global Economic Opportunity Notes program continues to bolster us and kept our blended cost of capital below 3% — enabling us to continue to deploy fairly priced capital to our borrowers **when they need it most.**”

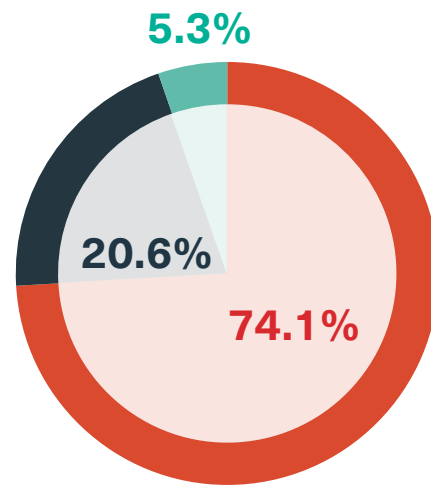
MARCIA MYERS / CHIEF FINANCIAL OFFICER

PHOTO: ASIAN CREDIT FUND / KAZAKHSTAN, CENTRAL ASIA AND THE CAUCASUS / FSP

financials /

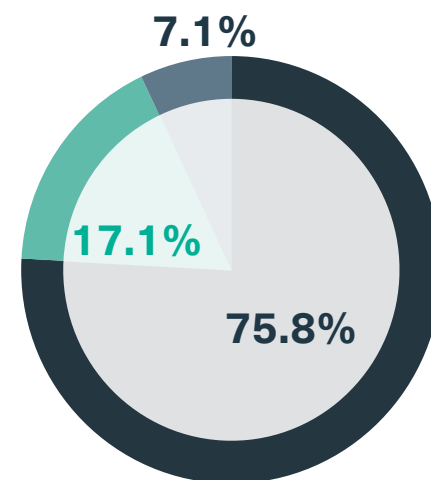
In 2022, MCE's net revenues were \$2,673,326, a 14% increase from 2021. MCE's operating expense ratio was 5.13%, compared to the average portfolio, an increase over 2021 as we lay the foundation for further growth.

<u>Revenues</u>	2021 Audited	2022 Audited
■ Lending Revenue	\$2,340,961	\$2,673,326
■ Grants and Donations	\$645,751	\$744,999
■ Contributed Services	\$193,065	\$190,842
Total Revenue Before Guarantor Call†	\$3,179,777	\$3,609,167
Guarantor Call	\$575,500	\$1,520,000

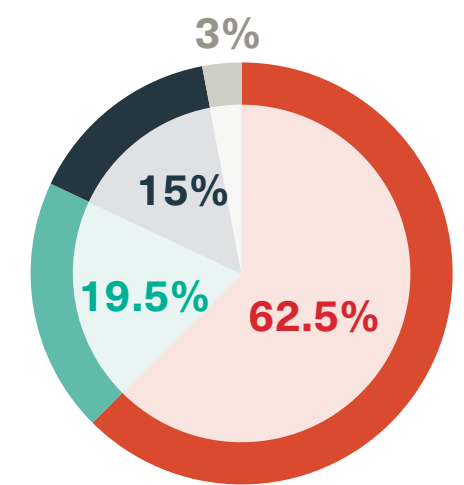


†All Guarantor calls cover default amounts and are shared pro rata across the responsible guarantee units.

<u>Expenses</u>	2021 Audited	2022 Audited
■ Portfolio Services and Operations	\$2,016,254	\$2,698,549
■ Management and General	\$444,717	\$608,821
■ Fundraising	\$186,897	\$250,824
Total Operating Expenses	\$ 2,647,868	\$3,558,194



<u>Sources of Funding</u>	2021 Audited	2022 Audited
■ Private Notes	\$ 34,800,000	\$41,655,000
■ Development Financial Institutions	\$ 7,000,000	\$10,000,000
■ Commercial Finance Institutions	\$ 6,625,000	\$13,000,000
■ Foundations	\$ 2,000,000	\$2,000,000
Total Funding	\$50,425,000	\$66,650,000



<u>Key Financial Ratios</u>	2021	2022
Portfolio Yield	7.52%	7.42%
Cost of Funds	2.90%	2.86%
Gross Portfolio Margin	4.62%	4.56%
Operating Expense Ratio	4.30%	5.13%
Net Margin	0.33%	-0.68%

END NOTES

¹ The World Bank, "Financial Inclusion Index." 2022.

² ISF Advisors, "Pathways to Prosperity: Rural and Agricultural Finance State of the Sector Report." 2019.

³ International Fund for Agricultural Development, "Smallholders, food security, and the environment." 2013.

⁴ Global Food Security, "How much of the world's food do smallholders produce?" 2018.

⁵ USAID, "Tanzania: Agriculture and Food Society." n.d.



*impact.
guaranteed.*

Visit our website, www.mcesocap.org, or
contact us at info@mcesocap.org
for more information.