

Combined forces to contribute to Sustainable Development Goals in El Salvador

FMO leads USD 90 million syndication to Fedecredito

On 23 January 2017, FMO, the Dutch development bank, announced a 7-year USD 90 million syndicated debt facility to strengthen a federation of financial cooperatives in El Salvador: *Federación de cajas de crédito y de bancos de los trabajadores, Sociedad Cooperativa de Responsabilidad Limitada de Capital Variable (Fedecredito)*. Aim of the syndication is to boost inequality reduction, financial inclusion and biodiversity conservation in El Salvador by supporting Fedecredito and its close to 1 million ultimate members. FMO arranged the syndication and kept a stake of USD 30 million while DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Proparco, the eco.business Fund and Triodos Investment Management participated with USD 15 million each.

Inequality reduction

Fedecredito is a federation of financial cooperatives in El Salvador, leading a network of 55 member cooperatives to which it provides technical assistance and funding. Close to 1 million members, consisting of Micro, Small, and Medium sized Enterprises (MSMEs), as well as low-to-mid income Salvadorians own the 55 cooperatives which own 100% of Fedecredito. El Salvador is Central America's smallest and most densely populated country, with a population of about 6 million people. By supporting Fedecredito's growth, about one-sixth of the Salvadoran population are being benefited thus contributing to inequality reduction.

Financial inclusion

Fedecredito and its member cooperatives have been serving MSMEs and low-to-mid income Salvadorians in urban and rural areas for more than 75 years. With over 630 service points throughout El Salvador, Fedecredito holds the most outreaching and largest banking network in the country. The network plays an important role to El Salvador's financial inclusion, as the service points are always reachable within a 20 kilometer distance anywhere in the country.

Biodiversity conservation

The purpose of the syndicated loan is to provide funding ultimately to MSMEs, with a portion especially dedicated to sustainable use of natural resources and biodiversity conservation activities selected by the eco.business Fund. The activities selected are the result of on-field work performed by the fund in El Salvador with the cooperation of Fedecredito.

"For Fedecredito the formalization of this syndicated loan, led by FMO, is important and fills us with pride. It allows us to deepen our growth strategy with a clear focus on the financial inclusion of all Salvadorians and will contribute to the economic and social development of our country. On behalf of Fedecredito, I thank all participating institutions for their confidence, which will allow us to continue to boost the Salvadorian economy and seek opportunities for further development." Said Macario Armando Rosales Rosa, President of Fedecredito.

Jürgen Rigterink, Chief Executive Officer at FMO, adds: "FMO is proud to lead this syndication that will contribute to the Sustainable Development Goals through support for inequality reduction, financial inclusion and biodiversity conservation in El Salvador."

Guillaume Barberousse, Head of Financial Institutions Group at Proparco, said: "We are pleased to contribute to strengthening an institution which supports financial inclusion in Salvador. This financing will benefit the MSME sector of the country, which is fully in line with Proparco's commitment in the region."

Alejandro Solis, Senior Investment Officer at Triodos Investment Management adds: “Triodos Investment Management is very pleased to participate in this syndicated transaction to support a leading financial institution with a clear focus on financial inclusion in El Salvador. Through this transaction we contribute to develop the Salvadorian MSME sector generating a clear impact on poverty reduction in the country.”

About FEDECRÉDITO

FEDECRÉDITO is an open-ended limited liability cooperative. Its main purpose is to foster the development of an efficient, solvent, and competitive system of savings banks and workers' bank such as Sistema de Cajas de Crédito and Bancos de los Trabajadores, dedicated to providing financial services in urban and rural areas mainly to low and medium income families, as well as to micro, small, and medium sized businesses operating in various economic sectors in addition to the employees. It has more than 75 years of experience in the financial market, by making available to Salvadoran families the largest service network in the country, with more than 630 service points in 188 municipalities, out of the country's 262. www.fedecredito.com.sv

About FMO

FMO is the Dutch development bank. FMO has invested in the private sector in developing countries and emerging markets for more than 46 years. Our mission is to empower entrepreneurs to build a better world. We invest in sectors where we believe our contribution can have the highest long-term impact: financial institutions, energy and agribusiness. Alongside partners, we invest in the infrastructure, manufacturing and services sectors. With an investment portfolio of EUR 9.2 billion spanning over 85 countries, FMO is one of the larger bilateral private sector development banks globally. www.fmo.nl

About Proparco

Proparco is a subsidiary of Agence Française de Développement (AFD) focused on private sector development. It has been promoting sustainable economic, social and environmental development practices for almost 40 years. Proparco provides funding and support to both businesses and financial institutions across Africa, Asia, Latin America and the Middle-East.

It seeks to partner projects in key development sectors – infrastructure (with a specific focus on renewable energies), agribusiness, financial institutions, healthcare and education, etc. – and to boost the contribution of the private sector to achieving the sustainable development goals adopted by the international community in 2015. As a means to this end, Proparco finances businesses that are instrumental in creating decent jobs that pay decent wages, in supplying essential goods and services and in battling climate change.

For more information, go to: <http://www.proparco.fr/lang/en>

About DEG

DEG is a reliable partner for private companies investing in developing and emerging-market countries. For more than 50 years, we have been promoting sustainable development that creates jobs, better living conditions and new prospects. We are committed to the long-term success of our customers: Therefore we do not only provide long-term capital, but also individual advice and support. With a portfolio of around 8 billion euros in more than 80 countries, we are one of Europe's largest development finance institutions for the private sector. More information: www.deginvest.de

About the eco.business Fund

The eco.business Fund is spearheading the preservation and promotion of biodiversity through private enterprises. In providing finance for investing in activities that conserve nature and foster biodiversity, the eco.business Fund seeks investments that yield both financial and environmental returns. The eco.business Fund provides funding mainly through local financial institutions for onlending to eligible final borrowers. Eligible final borrowers include those holding an eligible certification or those making improvements that are in line with conservation and biodiversity goals. The Fund supports sustainable operations in the sectors of agriculture, fishery, forestry and eco-tourism.

The eco.business Fund leverages contributions from donors, multilateral organizations and development finance institutions with funding from private investors to maximize outreach and impact. Seed capital has

been provided by the German Federal Ministry for Economic Cooperation and Development (BMZ), with KfW being the main sponsor. Finance in Motion is also an investor.

Operating hand-in-hand with the eco.business Fund, the eco.business Development Facility provides high-impact technical assistance at the sector level to local lending institutions and final borrowers. For more information please visit www.ecobusiness.fund and follow us on Twitter @ecobusinessfund.

About Triodos Investment Management

Triodos Investment Management connects investors who want to make their money work for positive change with innovative entrepreneurs and sustainable businesses doing just that. It manages investment funds in sectors such as Energy & Climate, Inclusive Finance and Sustainable Food & Agriculture, with a total value of EUR 3.1 billion. The Triodos inclusive finance funds provide finance to 100+ financial institutions in 45 countries. They hold equity stakes in 25 financial institutions and actively contribute to the governance of these institutions.

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