

# COVID-19 Investor Statement

## Impact investors in emerging markets

April 2020

### Importance of financial inclusion in COVID-19 crisis

In these truly testing times, impacting all global citizens, the sustained efforts of actors such as ourselves in promoting financial inclusion in emerging markets are of crucial importance. Low income households and communities are most vulnerable to social and economic shocks, as insurance, social security, reserves like savings accounts or other buffers, government support and access to quality essential health-care services are often missing.

Financial inclusion of low-income households and micro-, small- and medium enterprises (MSMEs) in emerging markets can provide the well-needed buffer to cope with the expected social and economic impacts of the pandemic. When executed in a responsible manner, financial inclusion can provide stability and create opportunities to limit the long-term negative effects of the pandemic on debt levels, household income, business continuity and economic growth, contributing to people's wellbeing.

### Market support

In the near-term, capital markets will remain volatile and to a certain extent distressed. This will surely put a strain on the Financial Inclusion / MSME markets. While historically these markets have shown low correlation with capital markets during crisis periods, the COVID-19 crisis is unprecedented in its magnitude and the impact it is expected to have on human wellbeing and economic stability.

We feel it our responsibility to speak out and provide our support where and when required in order to bolster the resilience of Financial Inclusion / MSME markets. Initiated under the banner of NpM<sup>1</sup>, we as impact investors proclaim our continued support in response to the impact of the global COVID-19 crisis in emerging markets as follows:

- ✓ We remain committed to financing financial inclusion and MSMEs in emerging markets.
- ✓ We will work together as funders to continue to responsibly support our portfolio companies and their clients, both in terms of capitalization and in the liquidity challenges that institutions may face.
- ✓ We will remain in close contact with our borrowers and investees and are committed to refinancing existing exposures where this is feasible and within our mandate.

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<sup>1</sup> The Netherlands financial inclusion platform: <https://www.inclusivefinanceplatform.nl/>

- ✓ For those of us who are fund managers, we will communicate these goals to our investors, as their understanding will help support the desired outcome and the resilience of the assets in which they invest.
- ✓ We will work closely as a group and on a case by case basis discuss further support to the sector where needed and appropriate.
- ✓ We liaise and cooperate closely with supranational financial institutions to facilitate their support schemes in an optimal way.
- ✓ We will engage with our counterparts in other leading centers of impact investment and invite them to be supportive of these goals and to behave in a similar fashion.

### Supporting local entrepreneurs

We also urge our portfolio companies to further extend their support and responsibility towards their clients. By this we mean continuing to provide products and services to their clients and deal with debt collection processes in a responsible manner, as well as considering options for relaxing payment deadlines for badly impacted families and enterprises.

It is our collective aim as investors to make sure we do not exacerbate the crisis by negatively impacting the available liquidity of our portfolio companies. We are committed to managing this particularly challenging period as smoothly as possible with our financial institution partners, as well as other stakeholders, and it is our aim to overcome this situation together.

Yours sincerely,

