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**Continued evolution,
expanding the reach**



Impact Report 2018





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About Bamboo

Bamboo Capital Partners ("Bamboo") is an impact investing platform which provides innovative financing solutions to catalyze lasting impact. Bamboo bridges the gap between seed and growth stage funding through a full suite of finance options - from debt to equity - which it activates unilaterally or through strategic partnerships. Founded in 2007, Bamboo aims to generate lasting impact and improve the lives of the world's most marginalized communities while delivering strong financial returns.

Since its inception, Bamboo has raised close to \$400m for developing countries, positively impacting over 152 million lives and creating over 40,000 jobs through its investments in over 30 countries. The firm has a team of 30 professionals active across Europe, Latin America, Africa and Asia.

Bamboo Capital Partners today Our global impact



Latin America

Mexico
Guatemala
Honduras
Salvador
Panama
Colombia
Paraguay
Peru
Brazil
Bolivia
Argentina
Chile
Haiti

We are
passionate about
delivering impact



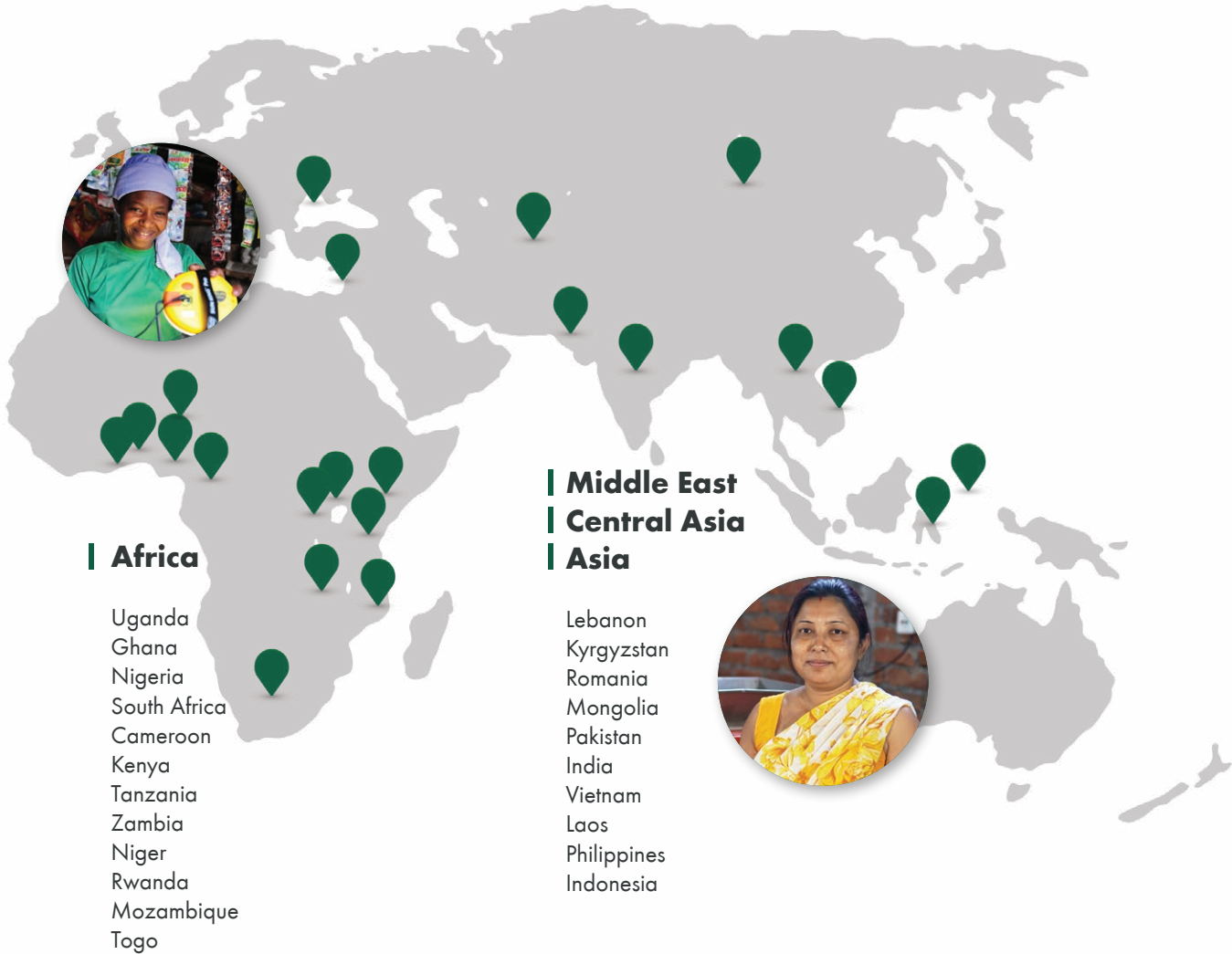
152 million
Lives impacted



40,000
Jobs supported



14,000
Female jobs



GIIRS rated 2013
GIIRS rated 2014
GIIRS rated 2015
GIIRS rated 2017
GIIRS rated 2018



Best for the world 2016
Best for the world 2017



Bamboo Capital Partners
recognised in the ImpactAssets 50
2017-18



Jean-Philippe de Schrevel
Founder and Managing Partner

"For the first time in our history, we opened ourselves up to partner with a range of institutions on funds, combining our expertise with their resources."

Founder's message

Continued evolution, expanding the reach

2018 was a year of strategic repositioning for Bamboo Capital Partners. Aside from continuing to deploy in-house private equity funds in FinTech and CleanTech sub-sectors in emerging markets, we started to explore new investment models.

For the first time in our history, we opened ourselves up to partner with a range of institutions on funds, combining our expertise with their resources.

We have been selected by the World Bank, the International Fund for Agriculture Development (IFAD) and the United Nations Capital Development Fund (UNCDF) to manage impact funds focused on decentralized solar energy in Haiti, smallholder finance in Africa and SME financing in the Least Developed Countries respectively. We have also partnered with the international non-governmental organization CARE Enterprises to launch the first of a series of gender-focused funds.

These alliances will not only grow our assets under management, but they will also expand our footprint in emerging and frontier markets. This will increase our market intelligence, improve deal sourcing opportunities and sharpen our impact focus further.

We have also innovated the way we structure our products, shifting from plain vanilla private equity funds to structured fixed income and venture capital funds.

For some of our new funds, we have adopted a blended finance approach which we see as bringing many benefits to our work. By tiering layers of capital with different risk-return features inside a single vehicle, different types of capital can now co-exist, catalyze and mutually reinforce each other. Senior investors can get risk-adjusted financial market returns and the fund can adopt a generally riskier investment strategy to address significant market gaps. This is an ideal approach for public private partnerships.

We expect our new model to evolve in the coming years. We fully intend to capitalize on our early mover advantage and offer our experience to a growing number of partners throughout emerging markets, using a broad range of investment tools and strategies to deliver impact at scale.

Our growth and continued impact on the world's poorest populations would not be possible without the dedication and commitment of the whole Bamboo team and the unwavering support of our partners and investors. As always, thank you to everyone who supported us in the last year.

Blended-finance impact-first partnerships

OGEF Fund

(Haiti Off-Grid Electricity Fund)

Partner: The World Bank Group, Government of Haiti

The OGEF Fund invests in companies that provide renewable, off-grid energy access solutions in Haiti, with the objective to electrify 200,000 households in Haiti within the next 10 years.

ABC Fund

(Agri-Business Capital)

Sponsored by: IFAD

Funded by: ACP, European Union, AGRA, Government of Luxembourg

Managed with: Injaro, Agriterra

The ABC Fund will catalyze blended capital and technical assistance to be deployed into underserved yet profitable segments of the agri-business value chains in developing low- and middle-income countries, with the aim of improving rural livelihoods of smallholder farmers.

CBI Fund

(Care Bamboo Impact)

Partner: CARE Enterprises Inc

The Care Bamboo Impact Fund invests in businesses and works with them to shift historically unfair workplace barriers and power dynamics that hold back poor working women. We seek to grow businesses that create prosperity by giving women and other marginalized communities the power to envision and make change happen for themselves.

BUILD Fund

(Bamboo UNCDF Impact for the Least Developed Countries)

Partners: UNCDF, Government of Luxembourg

The BUILD Fund catalyzes and finances small businesses in the Least Developed Countries (LDCs), as an extension of the UNCDF's mission.



Bamboo in the press

Forbes

"Why One Private Equity Firm Is Betting Big On Impact Investing In Renewable Energy"

"Impact Investing As A Poverty Solution: The Case For Patient Pessimism"

"Funding The First Widely Accepted Vision For Global Development: The SDG-Aligned Investing Landscape"



"Private equity lets no opportunity go to waste"

Stanford SOCIAL INNOVATION Review

"Fintech for the Financially Excluded?"

Other media:

Reuters
Fintech Futures
Spore Magazine
Les Echos
CNBC Africa
TV5 Monde
Private Equity News
Jeune Afrique Business +
Impact Alpha
NextBillion



"Tomorrow's Connected Community demonstrates BBOXX's ability to supply electricity and other essential utilities to not only individual households, but to entire communities and businesses. By working with partners, we can truly deliver a decentralized and digitalized future in the developing world at scale. We have shown what can be possible and we look forward to rolling this "community of the future" out across other locations globally."

Mansoor Hamayun
CEO and Co-Founder of BBOXX



Technology

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Florian Kemmerich
Managing Partner

"At Bamboo, we recognize that companies with technological innovation at their core have significant potential to generate a positive impact in the world's poorest regions."

1 billion financially excluded adults already own a mobile phone and about **480 million** have internet access

Technology

Leapfrogging technologies, scaling impact

If 2018 was a year of strategic repositioning for Bamboo, it was also a year of explosive growth for the impact investing industry. The Global Impact Investing Network estimates that impact assets under management topped \$502 billion in 2018. Despite this growth, the World Bank estimates that \$1.4 trillion will need to be invested in developing markets annually to end poverty and reach the UN Sustainable Development Goals by 2030. Engaging private capital to grow impact businesses is an essential and powerful lever in the fight against poverty. Impact investors have yet to tap into some significant opportunities in the market, but none more than those created by technological innovation.

In recent years, we've witnessed emerging markets embracing technology at a much faster rate than before. In the last decade, Africa has gone through the mobile phone revolution, which triggered both the mobile money and distributed energy revolutions. This has opened up opportunities in both financial inclusion and renewable energy on the continent. Across emerging markets, technological developments have provided people with increased connectivity to the internet and banking services. The microfinance industry has outgrown the initial microcredit model in favor of a larger offer of financial products that better address customers' evolving needs, such as digital banking, alternative credit scoring, crowd and peer-to-peer lending, identification technology, business monitoring etc. - delivered through integrated platforms.

Technological transformation has not only accelerated access to finance, but it has also enabled entire communities to leapfrog decades of traditional infrastructure and form the building blocks of a thriving digital economy at an affordable price point.

Ongoing innovation is also revolutionizing every step of the off-grid energy value chain. From design, manufacturing, distribution, financing, after-sales services, repairing, recycling, etc., the industry is evolving rapidly and millions of individuals across the globe are smoothly climbing the energy ladder. For example, an off-grid client would start by purchasing a portable small lamp, and then upgrade to one with mobile charging. They would then take another step up the value chain by moving onto an off-grid home system with diverse appliances, before climbing further up the ladder to a mini-grid system. Each step of the ladder will see the customer enjoy improved energy reliability and greater overall productivity.

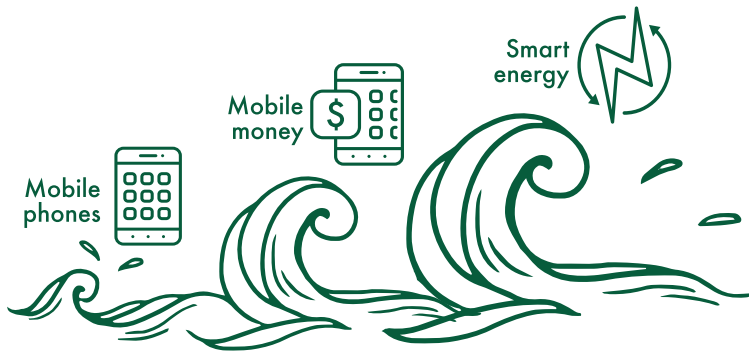
At Bamboo, we recognize that companies with technological innovation at their core have significant potential to generate a positive impact in the world's poorest regions.

BBOXX Togo, a portfolio company of our investment platform BEAM, recently launched Tomorrow's Connected Community in Togo. It is a great illustration of the positive impact technology can have on

people's lives. This next-generation smart village concept, if rolled out on an even larger scale, could completely transform entire regions, or even countries. These smart connected homes powered with solar energy have access to all sorts of Internet of Things and tech services (edtech, fintech, agtech, healthtech, etc.) at an affordable price point. These services also enable the development of online businesses (with no incumbent technologies), most likely also resulting in exponential adoption rates.

We are witnessing a truly historical moment in emerging markets. Technology is leapfrogging poverty and connecting previously underserved rural populations to accessible and affordable goods and services. Looking ahead, we remain committed to investing in companies that use new technologies to improve the lives of the poorest people on the planet. Through our blended finance model, we intend to double down and invest in companies at the forefront of change and innovation.

Leapfrogging technologies



- 9 INDUSTRY INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Launch of BBOXX's Tomorrow's Connected Community



BBOXX Togo, powering communities

BBOXX is a next generation utility, transforming lives and unlocking potential through the provision of affordable, reliable and clean energy and other modern utilities. BBOXX provides affordable, clean energy to off-grid communities through solar home systems remotely monitored and available to customers via mobile money on a pay-as-you-go basis. BBOXX has over 700 staff across nine offices including in Rwanda, Kenya, the Democratic Republic of Congo and Togo.

BBOXX is enabling economic development in off-grid communities by creating new markets through the entry point of electricity. Energy provision brings people into the digital economy and creates demand in other areas - including gas, water, internet and finance - a demand which the company also seeks to meet.

Bamboo started investing in BBOXX in 2015 through our Oasis fund. To date the company has sold 211,318 products in 35 countries, generating 4,186 MWh of solar electricity for the off-grid community. The company has impacted the lives of over 1,056,000 persons and helped over 260,000 school-aged children study comfortably without straining their eyes or inhaling harmful soot and fumes.

The company is scaling rapidly by forging strategic partnerships with investors, governments, telecommunications firms and energy majors. BBOXX extended its activities to Togo at the end of 2017, after having won an RFP to become one of

two licensed companies under the Togolese CIZO program that aims at electrifying 300,000 homes by 2022 with Solar Home Systems (SHS) across the country, largely in rural areas.

In 2018, BBOXX and EDF, the world's leading electricity company, entered a partnership with EDF holding a 50% stake in BBOXX's Togo operations, accelerating investment and deployment of off-grid electricity. The EDF Group supports BBOXX development by contributing commercial resources, technological know-how in battery performances, as well as its on-the-ground experience in developing off-grid solutions in several African countries. This partnership has the potential to accelerate the Government of Togo's energy access initiative, by providing reliable, affordable and CO2-free electrification solutions.

In October 2018, BEAM, the investment platform created by Bamboo Capital Partners to deliver energy services that transform lives in emerging markets, invested in the growth of BBOXX EDF Togo.

BBOXX, alongside EDF, recently launched Tomorrow's Connected Community in the village of Sikipé Afidégnon in Togo. This smart village concept provides 300 houses and 4,000 people with electricity via distributed solar energy. It is run on a micro-grid developed by General Electric to meet higher energy consumption needs, as well as BBOXX's solar home systems to power households and SMEs.



www.bboxx.co.uk

The technology powers streetlights, households, schools, small shops and businesses like a tailor using electric sewing machines or an entrepreneur running an electric mill for corn grinding used by local farmers. It further helps the community access other products and services, such as mobile-money finance, clean cooking solutions, internet services and water pumps.

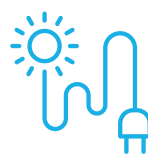
All of the services operate through BBOXX Pulse, the company's comprehensive digital management platform, which harnesses data, pioneering technology and machine-learning, enhancing the customer experience.

The launch of Tomorrow's Connected Community builds on the success of Tomorrow's Rural Home, which BBOXX unveiled in Kigali, Rwanda, in November 2018. Tomorrow's Connected Community now takes BBOXX's vision several steps further - scaling from the community, leapfrogging the need for traditional large grid infrastructure.

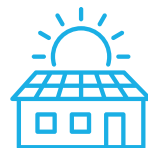
In January 2019, BBOXX was announced as the winner of the Zayed Sustainability Prize in the Energy category - testament to the way the company is making a meaningful difference to people's lives around the world.



211,318
products sold
in 35 countries



4,186 MWh
of solar electricity
generated



Over 1 million
persons having access
to clean, reliable energy



700 staff
across nine offices



"Our investee company Annapurna provides access to finance to rural women who are excluded from the formal banking system. These microloans go a long way in furthering the financial inclusion agenda for these women, helping them create a credit history, making them creditworthy borrowers and ultimately opening up access to a whole range of financial services."

Arti Srivastava
Investment Manager
Bamboo Capital Partners



Financial Inclusion

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Bernhard Eikenberg
Head of Financial Inclusion

"We are seeing a more diverse range of financial products reaching more people and new challengers disrupting the status quo."

In 2018, two of our investees – Apoyo Integral and Fie Gran Poder – ranked in the top ten for social performance management in MicroRate's top rated financial institutions in Latin America, the Caribbean, Africa and Asia for 2018. MicroRate has recognized Apoyo Integral and Fie Gran Poder's efforts in social performance management, which confirms their dedication towards their customers, employees, the community and the environment.

Financial inclusion

The journey towards financial inclusion

Microcredit, microfinance, financial inclusion – what is next? I think it is fair to say that this movement will not stop until each and every person on this planet has an equal opportunity to access basic, affordable and quality financial services, while throwing in a more convenient, if not fun, user experience for many. While the end goal must not blind us to the current deficits and shortcomings of the industry, with billions of underserved customers remaining, there is clear momentum and significant progress has been made in recent years.

At Bamboo, we are very proud to have been part of this journey. We have provided fuel to the relentless drive towards inclusion and contributed to the transformation of finance for the financially excluded – together with our investors and investees, who made all of this possible.

Where we stand today

Over 2018, the trends we identified in the past years have been cemented and accelerated. We are seeing a more diverse range of financial products reaching more people and new challengers disrupting the status quo. Governments and policy makers have created enabling environments, with more than a dozen regulatory sandboxes¹ having opened the financial sector up to newcomers, allowing for product innovation and new delivery methods. The EU's new financial services directive, PSD2, is one example of this, further setting the stage for newcomers to eat the incumbents' lunch.

Inevitably, technology has played a crucial part – both in terms of use and adoption for customers, but also for providers. This has led to the arrival of new entrants to the sector, either as fintechs or platforms from different sectors. Be it in Asia, where the likes of Grab and Gojek have expanded from mobility into payment services, or in Latin America, where Rappi has made inroads in a JV with a bank into financial services. Non-financial platforms are leveraging their superior user experience and the lack of brand attachment to traditional banks by young and upcoming consumers into a convenient and aspirational financial offering. Add to that the likes of Ant Financial offering a mix of non-financial and third party financial services on its open-loop platform in more than 50 countries and you get enormous muscle power chiseling business from financial institutions' traditional revenue models.

Finally, insurance, one of the last bastions of traditional finance, is coming under serious siege. The insurtech sector has gathered steam over the past 12-24 months and is beginning to threaten the traditional, still human-touch oriented model of insurance. While in the past, the focus was mostly on high-income customers for the usual suite of insurance products and on microfinance customers for the reduced use loan/funeral insurance products, insurtech companies have begun to more successfully address that market failure, taking on traditional front office functionalities like origination and underwriting, but also middle office ones like premium collection and claims handling.

Bamboo's financial inclusion focus

These overarching trends have rippled through to our own activities in the financial inclusion sector across the world in the past 12 months. We have seen several trends emerging at the level of our portfolio companies. The most important one being how an institution approaches technology and the subsequent impact on its business model. The choice for many institutions is either to become a follower or an early adopter on the technology curve, which has different implications depending on their choice.

To give an example: financial institutions at the very least need to provide alternative customer channels and digitize those, in order to make banking a more convenient user experience. That means offering customers the ability to pay via third party agents (e.g. Grab drivers), via apps or the internet. What might separate the followers from the more progressive types is the move from offering financial services via digital channels to becoming a digital bank, or neobank.

We are witnessing this in the case of Kubo in Mexico, which is no longer trying to be a platform connecting microfinance borrowers to lenders, but wants to become the digital bank for all of its clients, offering payments, cards and other banking services. Similarly, Moviired in Colombia is evolving to become an open loop platform connecting to other players in the system and offering a whole range of financial services, and in the case of its B2C activities, all via its e-wallet.

Another example in our portfolio where the early adoption of technology changes the business model is in the case of our insurtech investee, ComparaOnline. Compara decided to completely revamp its IT architecture for both front and back end, in order to bring the origination and underwriting process online. This has changed both the user experience but also the company's core business operations for the better. Clearly, making these technology choices is easier and more natural for our more recent fintech investments than the legacy MFIs from our first generation of funds. But all of our investees are thinking carefully about how quickly they can and want to follow those trends in the digitization of financial services, and many of them have embarked on ambitious projects to rejuvenate their technology strategy.

One such case in point is Banco Popular in Honduras, which is working with industry specialists like Finconecta, to develop its technology roadmap not just in the short run but over a five to ten year horizon. Another important corollary of all this is that since those technological transformation journeys take time to execute and implement, change management from an organizational perspective has become a key skill for all of our investees.

Highlights from 2018

2018 was a busy year for us at Bamboo, as we moved between exiting investments from our first financial inclusion fund and complementing the portfolio of our second financial inclusion fund. On the exit side, the sale of our holding in Mibanco in Peru after almost six years was a significant milestone, allowing us to close out our biggest historical transaction in the financial inclusion space. The successful sale back to the majority shareholder, Grupo del Credito, sealed not only a profitable exit but also a long learning curve having being invested in one of the strongest MFIs in the world. On the investment side, our second financial inclusion fund entered Nigeria by investing in Lidya, a digital SME lending institution, with ambitious growth plans in and beyond Nigeria. Similarly, we made further investments in existing portfolio companies ranging from Kubo, to ComparaOnline and Annapurna in India, a model triple bottom line enterprise, the focus of a close-up in this report.

As always, we are grateful for your support and we look forward to continuing this journey with all of you during 2019 and beyond.

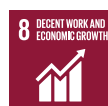
In 2018, through our investee companies:

Over **21,000** jobs supported

Over **6,000** female jobs supported

Over **72 million** lives impacted

Globally, **about 1.7 billion** adults remain unbanked according to World Bank Global Findex 2017



¹A regulatory sandbox is a framework set up by a financial sector regulator to allow small scale, live testing of innovations by private firms in a controlled environment under the regulator's supervision. (CGAP Working Paper, Regulatory Sandboxes, October 2017, online)



Annapurna Finance, Growing Together

Fani, the strongest tropical cyclone to strike the Indian state of Odisha since 2013, hit on May 3, 2019. The resulting devastation was immense. Annapurna, whose head office is in Bhubaneswar, district of Khurda, a strongly affected district, stayed its course. Nine branches were affected, over 16,000 clients impacted. Without electricity, nor internet, and while most banks and offices remained closed, Annapurna, running offices with generators, maintained its previous month's disbursement amount. For two weeks, the company's treasury and MIS team worked from different offices, and, all along, Annapurna sought out to serve and support its customers.

This is just the most recent example of resilience and client-centeredness and reflects the essence of Annapurna's tradition: to stand by its people. Founded in 2009 as a not-for-profit entity, Peoples Forum, an NGO which worked for the development and welfare of unserved sections of the society, Annapurna is now one of the top ten non-banking finance companies (NBFC) MFIs in the country. While it has lived through several transformations, from non-profit Mission Annapurna (2005) to Annapurna Microfinance Pvt Ltd (2009) and Annapurna NBFC MFI in 2013, one thing has remained unchanged: its commitment to address the economic necessities of poor women at their doorstep.

Annapurna was established with a purpose of serving the economically underprivileged clients by providing needs-based financial services. The focus has always been clear: to reach women below the poverty line living in areas where

formal financial institutions find it unprofitable to settle in. Indeed, Annapurna offers loans to people mostly from rural areas whose annual household income does not exceed Rs.100,000 (€1,300) in rural areas.

Annapurna additionally provides non-financial services and technical support to its clients, strengthening their financial awareness and entrepreneurial skills. In FY 2018 alone, over 15,000 women received financial literacy training. An impact study conducted by Annapurna (Why financial awareness of clients is important for Annapurna, February 2019) on the financial literacy program showed the training's direct impact on clients' adaptation of better financial choices, including use of bank account and savings, ATM Card and enrolling for insurance facility. The training contains three modules spread over three days, amounting to roughly six hours total training.

A salient aspect of Annapurna is its continuous innovation in products and delivery mechanisms. Indeed, it aims to offer needs-based, relevant, adequately-designed products throughout the customers' life cycle. Its current loan products are manifold and include:

- **Group loans (self-help or joint liability groups):** for income generating activities such as dairy loans; hand-craft loans, agri-equipment financing; microenterprises in spice making, dry food processing, fruit shops, fast food stalls, paddy processing, weaving cotton sarees, bamboo products, and brass work, etc.;

Vision:
Establishment of a self-sustainable and economically empowered rural, tribal & sub-urban society

Over 3,500
employees

Close to
1.3 million
customers

100%
women
customers

88%
rural clients

www.annapurnafinance.in

- **MSME loans:** secured and unsecured hassle free loans to both registered and unregistered business class segment after a rigorous cash flow analysis
- **Housing:** Annapurna is also offering higher ticket size loans to customers with formal and informal source of income for home construction, flat purchase, and home renovation.
- **Samarth Loans:** loans for persons with disability and financially excluded sections of society, such as widows
- **Safe Water and Sanitation to Households (SWASTH):** safe water and sanitation and training on building resource efficient facilities that lead to convenience, saving of time, increased privacy, heightened safety, reduced expenditure on healthcare and an improvement in overall quality of life. It also has potential impact on reduction of water pollution resulting from primitive practice of open defecation.
- **Solar Light Loan:** which allows off-grid customers to buy solar lamps which are cost effective and eco-friendly.
- **Consumer Durable Loan:** it offers customers from rural areas the possibility to finance consumer durable goods.

On conversation with Annapurna's Social Performance Manager (SPM), Ms. Ananya Pan, we asked her to share with us some of the SPM's challenges. She told us about the challenge they are committed to solve: increase the share of women employees.

"While our customers are 99% female, our human resource has a long way to go to reflect gender equality. We are gender mainstreaming with introduction of sensitive policies, establishment of facilities at the workstations and also training our employees on Gender Mainstreaming. Our aim is to reach 30% women in our employee base in coming years. This may well be an industry wide challenge in India, but we are working hard to create greater gender parity."

Ananya Pan

Social Performance Manager, Annapurna



INR 19 billion
(roughly €242 million)
disbursed to women
borrowers



Over 12,000 women
borrowers trained in
financial literacy in 2018

"Every energy investor must be cognizant of the fact that poor or lower income groups pay much more for energy as a proportion of their income than those on higher incomes. We have to change that by lowering the pricing calibration of energy in the markets that need them the most. So emerging markets can provide an incredible learning curve, where energy is generated locally, paid for locally, and creates wealth locally."

Florian Kemmerich,

Forbes, Why One Private Equity Firm Is Betting Big On Impact Investing In Renewable Energy, May 9 2018





Energy Access

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Christian Schattenmann
Head of Energy Access

"One of the most notable developments is the increased strategic interest in the space by large multinational companies"

In 2018, through our investee companies:

Over 45 million individuals & businesses provided with access to clean energy

Over 7.8 million metric tons of CO₂ avoided

Energy access

Off-grid solutions boosting access to energy

Last year for the first time ever, the number of people without access to electricity fell slightly below 1 billion, according to the World Energy Outlook 2018. That means that just short of a billion people still live in the dark, which doesn't include the one to two billion people with unreliable electricity access and frequent power cuts. Moreover, nearly 2.7 billion people lack access to clean cooking facilities worldwide, relying instead on biomass, coal or kerosene as their primary cooking fuel. This is not only unfair, depriving billions of people of essential tools for human and economic development; it is also a global environmental challenge. In other words: access to modern clean energy directly affects billions of people on this planet and it matters to all of us.

In the previous year, the energy access landscape has evolved dramatically. Firstly, the off-grid energy sector is getting more attention. While the sector was for many years below the radar of policies and regulation, this has now changed. Governments realized that some areas will never be served by the grid and require other solutions. Detailed electrification strategies are being developed with the objective to accelerate energy access using a distribution mix of grid extension, mini-grids, and individual household solutions with solar home systems (SHS). Besides an increasingly favorable tax and import duties environment for off-grid energy companies, this evolution has also triggered a new wave of regulation for mini-grids addressing the challenges of tariffs, long-term concessions and future integration with the grid. This is a positive development for the sector. A favorable and predictable regulatory environment is required to attract private sector companies and investors. Even non-regulated SHS companies benefit from transparent regulation and electrification strategies because it provides them with valuable data about where off-grid solutions will be required in the long term.

Governments and development finance institutions, like the World Bank, have realized that some sort of subsidy is required if we want to achieve universal energy access. Similar to how the electric grid in developed countries was built with subsidies and most utility companies in developing markets still depend on ongoing public funding, off-grid energy solutions also require financial support to reach lower income customers in remote areas. Grant schemes are currently in development or already existing in countries like Kenya, Nigeria, Togo, Benin, Myanmar or Haiti. In the case of mini-grids, subsidies tend to pay for parts of the capex investment, often the transmission lines, making mini-grids more viable and investable. For companies distributing SHS, subsidy schemes are often designed as Result Based Financing (RBF) where a subsidy is paid per product sold. Typically, the objective of RBF schemes is to help SHS companies accelerate market development and gain critical scale for commercial viability. Furthermore, companies are incentivized to reach lower income populations that can't afford the product or to penetrate into areas that are more difficult to access and serve. The risk is that subsidies can distort and spoil markets if they are poorly designed, implemented and financed. It is therefore important that grant schemes don't make the market dependent on grants in the long term but help businesses to become commercially sustainable and scalable on their own. The proof will be in the pudding.

All of this is happening at a critical moment in the sector's evolution when companies need to gain operational efficiency and scale to overcome the widening 'valley of death'. Some of the early entrants have lost investor confidence; there have been down rounds and even insolvencies. It was always clear that there would be multiple challenges for companies operating in low income markets. These include: depressed margins due to affordability constraints, infrastructure gaps, portfolio risks that are often outside the control of companies, for instance, a drought affecting ability to pay in a region where most customers are small scale farmers, significant capex financing requirements, etc. This is about operational excellence and scale; companies need to apply financial rigor, reduce overhead and lower direct distribution cost to a minimum. New digital technologies and the power of data help create efficiencies, accurately assess demand, identify customers, forecast trends, etc.

Last but not least, managing the foreign exchange risk of growing customer receivables, accessing financing at scale and managing an increasing balance sheet is becoming a major challenge for off-grid energy companies with significant investments in distributed assets and decentralized infrastructure. Fortunately, more local currency financing is becoming available and off-balance sheet securitization of customer receivables is being developed. But the amount of financing needed to reach the next level is far greater. It will require additional efforts from all sector players to support the continued growth of companies and expansion into new geographies. The first off-grid energy companies have crossed the USD 100 million revenue milestone and still show double digit growth rates. And while East Africa has developed fast, the race for Central, West and Southern Africa and parts of Asia has gained momentum driven by expanding larger companies and local distribution-focused startups.

One of the most notable developments is the growing strategic interest in the space from large multinational corporations. Many of them have moved energy access from a minor CSR activity to core business. They have started to invest in off-grid energy companies, either taking significant minority stakes or outright acquiring off-grid players. ENGIE's acquisition of Fenix or EDF's investment in BBOXX Togo is an illustration of this trend.

In conclusion, while the grid continues improving and expanding, decentralized solutions are reaching off-grid customers – and customers of unreliable electric grids – faster, building energy access from the outside in. At one point both, grid and off-grid solutions will partly overlap, interact, compete, and maybe merge. Governments will have to take a leading role in managing this process with careful long-term planning and sensitive regulation. A lot is at stake – not only for off-grid energy companies and their investors – but first and foremost for the billion customers who urgently need access to modern clean energy and connectivity. It almost seems like the incredible developments over the last 10 years were just the warm up for the electrification race that is starting today.

\$4.2 billion additional income generated as a result of off-grid system ownership

\$9.1 billion saved by households on energy-related expenses over the lifetime of solar lanterns

Improved health reported by 45% of off-grid users who previously used kerosene, especially regarding respiratory and eye issues, and reductions in burns and accidents.

2.7 billion people still lack access to clean cooking facilities worldwide

Source:
Global Off-Grid Solar Market Report, GOGLA





Greenlight Planet, solar home systems for safer, brighter and more productive lives

Greenlight Planet is a for-profit social business that designs, distributes, and finances high quality affordable solar home energy solutions for underserved off grid populations.

Since its founding in 2009, Greenlight Planet has developed from a start-up in the off-grid energy market into a global provider of solar energy products. The company sells more than 6,000 products per day, serving customers in more than 60 countries. Greenlight Planet has now 11 offices globally, and over 1,150 employees around the world. As of December 2018, the company has already positively impacted over 43 million lives and reached over 10 million off-grid households.

From its wide range of solar lamps and home energy systems, to its innovative distribution partnerships and flexible pay-as-you-go financing model, Greenlight Planet continuously strives to meet the evolving needs of the off-grid market. Beyond simply replacing kerosene lamps, the company's solar home systems now reduce demand for grid electricity, powering not only lights, but a range of home appliances including mobile phones, televisions, fans, and more.

To bring its solar energy products to underserved off-grid families, Greenlight Planet relies on a robust sales force model of more than 3,000 sales agents directly in touch with rural consumers' needs. It also relies on a vast

international network of distribution partners, from large micro-finance institutions to local micro-entrepreneurs. In India, the company now tracks and delivers products to remote regions through a last mile delivery application and platform integration, helping reach off-grid households. In Africa, Greenlight Planet identifies clusters of off-grid populations through geo-spatial data analytics which helps optimize placement of energy officers and stores to target underserved regions and markets.

Greenlight Planet positively impacts the lives of its customers through:

Increased daily study time

Often there aren't enough daylight hours to allow children the study time necessary to succeed. School dropout statistics suggest this issue disproportionately affects girls, who often carry significantly higher household obligations. Greenlight Planet's products give back 3 hours of productive time each night – light for children to study or play safely.

Safety for families

Kerosene lanterns routinely tip over, causing catastrophic nighttime house fires. One in twenty off-grid communities have experienced devastating kerosene fires. Greenlight Planet products replace kerosene lamps so that families can live safer lives.



www.greenlightplanet.com

Better air quality

Kerosene lanterns emit harmful particulates, which invade the lungs and eyes. Studies report women in kerosene lantern households are nine times more likely to contract tuberculosis than women in homes nearby that use solar lighting. With Greenlight Planet's products, families can breathe more easily, knowing their loved ones are safer and healthier.



As a result of Greenlight Planet's products:

25% of users claim an increase in household income

75% of users claim an increase in study time

84% of users claim better air quality

48% of users claim fewer breathing problems

94% of users claim they feel safer





Impact Management

BCP

BAMBOO
CAPITAL PARTNERS



Ximena Escobar de Nogales
Principal, Impact Strategy & Performance

"We are actively involved in industry initiatives that raise the standards of impact investing and we pledge to continue our involvement. We are committed to pushing the barriers of our own understanding and working with partners to advance the collective knowledge on what constitutes impact and how to deliver better results."

Impact Management

Keeping our focus on impact

Odysseus famously tied himself to his ship's mast to avoid succumbing to the Sirens' seductive song. For the impact investing sector, this story rings true today. Impact investing now more than ever, needs to hold tight to the mast to deliver on its claim and not deviate from its course.

At Bamboo, we are ahead of the curve, asking the critical questions that help us remain focused on impact. We exercise this self-critical mindset at every stage of the journey, from defining the impact scope of a new initiative or fund, to agreeing on the definition and calculation for "people reached". We also challenge ourselves to visualize the potential unexpected consequences of a project that only appears to promise positive outcomes because delivering impact takes focus and a critical mind-set.

We have stayed on this course throughout 2018, a year laden with innovation at Bamboo. For the first time in our history, we joined forces with global players such as the World Bank, IFAD, the UNCDF and the international non-governmental organization, CARE. Each one of these joint projects raised new questions on the impact side. The specificity of each fund, whether that be electrifying 200,000 households in Haiti, developing a partnership to promote gender equality or financing smallholder farmers in Africa, demands a rigorous examination of the notion and practice of impact measurement.

Each time we ask ourselves: what is the breadth and depth of impact? What is at stake? For whom? What is the industry's best standard? Given the diversity of themes (solar energy, agriculture, fintech, gender etc.) the reference standards, the regulatory and self-regulatory initiatives to benchmark against differ. The diverse and constantly evolving impact management frameworks make our job extremely interesting. It means we never stop learning.

But we are also sharing our learnings. In 2018, we learned from and with major global initiatives such as Gogla, the 'Voice of the Off-Grid Solar Energy Industry' and specifically its Consumer Protection Code for the off-grid solar sector as well as its work in e-waste. We also learned from the Global Impact Investing Network's 'Gender Lens Investing Working Group' where gender experts from around the world came together to better define an investment which is gender transformative.

We've also contributed to and benefited from initiatives in responsible fintech, which this year delivered the timely 'Guidelines for Investing in Responsible Digital Financial Services'. Finally, we should mention the IFC led 'Operating Principles for Impact Management', which aim to establish a common discipline and market consensus around the management of investments for impact.

We are actively involved in industry initiatives that raise the standards of impact investing and we pledge to continue our involvement. We are committed to pushing the barriers of our own understanding and working with partners to advance the collective knowledge on what constitutes impact and how to deliver better results.

During 2018, we have continued to examine the social performance and impact questions of our funds, our portfolio companies and our new projects with rigour, modesty and curiosity. And I would add “empathy.” While this “soft skill” is not usually combined with finance, I personally believe it is the number one qualifier of an impact fund manager. We indeed need to get the underlying financial models right, the product must have the right design, the correct delivery mechanism as well as the right pricing and payment schedules need to reflect the customer’s needs, and the salesforce needs to adequately understand the customer. All of this requires the capacity to actively listen to the customer, putting yourself in the customer’s shoes, i.e. employing empathy.

And finally, a note on Bamboo’s impact team: we are happy to share the news that Marie Puaux joined the team, bringing along her passion for impact and a solid experience from the corporate world.

Our impact management process throughout the investment lifecycle:



Pre-Investment:

During the pre-investment phase, we check prospective investments against the Bamboo social impact screening criteria and conduct in-house and on-site analyses to provide an assessment of the company’s expected impact.

Investment: Impact Framework

During the negotiation of investment terms the Bamboo Team and the investee define and agree upon an Impact Framework. The Impact Framework maps the impact of the company from its mission and social goals to the selected output indicators on which the investee will report regularly. It also defines the assumptions made. This process may lead to include elements in the shareholder agreement related to mission continuity, the observance of certain activities and thresholds for certain indicators.

Post-Investment: Ongoing impact monitoring

Investees report on the selected indicators. We monitor data collected and review assumptions based on new evidence. Through this monitoring process we seek to capture and assess information that we believe will support performance improvements. Also, as an equity investor, Bamboo sits on the board of its investees overseeing and contributing to social performance and impact issues alongside financial matters.

Divestment: Responsible exist

We seek to divest to trustworthy investors who will allow and enable the organizations to pursue their missions and visions. We also aim for organized, simple, fair and transparent divestment processes.

References

We are constantly contributing to, and learning from, industry impact management frameworks. Among others, our impact management system is aligned with the following standards, initiatives and best practices:

IRIS

IRIS is a set of standardized indicators to describe an organization's social, environmental, and financial performance. Bamboo Capital Partners adopted IRIS indicators in 2011. We also track non IRIS indicators.

GOGLA

GOGLA, established in 2012, is the global association for the off-grid solar energy industry. Bamboo's impact measurement in the Energy Access sector is aligned with the Gogla Standardized Impact Metrics for the Off-Grid Solar Energy Sector.

GIIRS

The Global Impact Investing Rating System (GIIRS), managed by B Corp, is an unbiased third party assessment to rate funds and companies' social, governance and environmental performance. At Bamboo, we have rated our funds with the GIIRS assessments since 2013. For two years in a row we were recognized as Best for the World Fund, in 2016 and 2017 (the Best for the World Fund's ranking ended in 2017).

Guidelines for investing in Responsible Digital Financial Services

The Guidelines for investing in Responsible Digital Financial Services promote responsible investment in digital finance while managing risks with growth of digital inclusion.

Impact Management Project

The Impact Management Project (IMP) is a forum for building global consensus on how to measure, manage and report impact. As an IMP Practitioner, we are part of a community of practitioners sharing findings and challenges on impact measurement.

IFC Operating Principles for Impact Management

The Operating Principles for Impact Management seek to establish a common discipline and market consensus around the management of investments for impact.

Social Performance Task Force (SPTF)

The SPTF develops, disseminates and promotes high social performance standards and good practices for social performance management and reporting. Bamboo follows the Universal Standards for Social Performance Management, a comprehensive manual of best practices created by and for people in microfinance as a resource to help financial service providers achieve their social goals.

Smart Campaign

The Smart Campaign focuses on client protection and has articulated 7 basic Client Protection Principles. Bamboo endorsed the Smart Campaign and actively encourages financial institutions to endorse the principles and implement them.

United Nations Principles for Responsible Investment (PRI)

Bamboo is a signatory to the Principles for Responsible Investment and a founding signatory of the Principles for Investors in Inclusive Finance.





Val Mendelev

With great pain and sadness Bamboo honours the life and legacy of Val Mendelev, after his very early departure. Val has been an example of courage, dedication and leadership until the very end of his life with us. He was a solid, faithful and generous friend. Shall his family and friends be comforted by the beautiful memories of his positive spirit and meaningful life.

BCP

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