



Entrepreneurial  
Development  
Bank

## MASSIF INVESTMENT CRITERIA – QUICK SCAN

The MASSIF fund extends risk capital and long term debt in local or hard currency to financial intermediaries in developing countries. These institutions in turn, serve micro- and small-scale entrepreneurs and lower income consumers/households, contributing to the development of the local private sector and to the economic growth.

MASSIF clients include commercial banks, microfinance institutions and leasing companies. We have also invested in equity and debt funds that are active in MSME financing. We increasingly seek investment opportunities in the agricultural and rural finance sectors, with high focus on SME financing.

At MASSIF, our primary objective is to deliver strong development impact and sustainable financial returns while bearing risks that are considered too high for other FMO's departments or development investors: particularly unstable environment, limited track record, limited exit opportunities etc. Another differentiator of our fund is that we can also bear the currency risk.

We listed below some of the criteria we look at while considering a new investment:

- Is the financial intermediary (bank, fund, microfinance institution) active in eligible markets?
- Here is a link to the MASSIF country list.
- Is the financial intermediary serving micro-entrepreneurs and SMEs?
- We believe that thriving SMEs are crucial to a sustainable economic growth and we would like to support financial organizations that actively engage with them in developing countries. Proportion of final SMEs client is expected to exceed 30%
- Would the new investment enable access to finance for agricultural and rural clients?
- Rural and agricultural clients are still underserved. We value opportunities that target them.
- Is the investment, due to the environment, the financial product or the start-up stage, particularly risky for other investors?
- Is the project innovative, scalable and with a strong development potential (particularly in low income and rural communities)?
- What financing is sought? Is the project capable of becoming financially sustainable? Is it able to achieve a minimum IRR of 7% over 5-7 years?
- We want to keep limited exposure and rarely finance more than 30% of the total equity or assets. We are ready to bear high risks for high development impact, but the project should be able to generate reasonable financial returns.
- Is the project meeting our environmental, social and governance requirements?

Please be advised that these questions are purely indicative. They are provided to help you make a first assessment and decide whether you fit our investment policy.

If you decide to engage with our fund, you can submit your solid business plan (i.e providing proper analysis of the market, the competition and the opportunity, while answering the questions above) to [massif@fmo.nl](mailto:massif@fmo.nl). We will be happy to provide a first reaction within a week.

# FMO

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If we decide to invest, your business will benefit from the active support of our fund's leadership and the experience of our investment professionals, in addition to needed capacity development assistance when approved.

Feel free to contact us at [massif@fmo.nl](mailto:massif@fmo.nl) if you have any questions.

We look forward to hearing from you.