

## General Investment Criteria

The General Investment Criteria exist to ensure that FMO's investment operations are in compliance with FMO's objective and consistent with the current policy of the Dutch Government on development cooperation.

The General Investment Criteria are updated to reflect any changing circumstances, partly on the basis of the regular semi-annual policy meetings between the Dutch Government and FMO. Any amendment of the General Investment Criteria requires approval from FMO's Management Board and Supervisory Board.

### Our objective

Our objective is to contribute to the advancement of productive enterprises in developing countries, to the benefit of economic and social advancement of those countries, in accordance with the aims pursued by their governments and the policy of the Dutch Government on development cooperation, by:

- Providing finance to or on behalf of natural persons and legal entities engaged or intending to engage in a business or profession in a developing country by taking equity interests, advancing loans and offering grants;
- Acting as intermediary in raising finance on behalf of the natural persons and legal entities referred to above;
- Providing appropriate forms of finance for technical assistance, training, investment, promotion activities and other activities which may be conducive to the advancement of productive enterprises in developing countries; and
- Engaging in any other activity, in the widest sense, which is conducive to the advancement of productive enterprises in developing countries.

### Policy principles

- FMO is required to test all of its investments against the following dimensions of development impact:
- Financial additionality: providing financial services only where the market can or does not do the same, or otherwise does not provide on an adequate scale or on reasonable terms
- ESG additionality: providing additional, non-financial value (such as green and inclusive development impact, environmental and social risk management and governance improvements)
- Catalytic role: maximizing the flow of finance to FMO's client(s) by mobilizing third-party funds

### Choice of country

FMO's finance activities are limited to developing countries. Developing countries are defined as: countries (i) which were classified by the World Bank in its recent World Development Report as low-income economies, lower middle-income economies or upper middle income economies, (ii) countries which were classified as such when the FMO financing was approved, and (iii) countries or regions expressly designated as such by the Dutch government. Under very strict conditions, FMO may provide financing to non-developing countries.

# FMO

Entrepreneurial  
Development  
Bank

FMO further applies the following principles:

- No finance is to be provided to a country which is in a state of war or armed conflict with another country
- No finance is to be provided to a country which is engaged in serious internal conflict or civil war, unless the country in question has been approved by FMO's Asset Liability Committee
- FMO will attempt to ensure that low-income and lower middle-income economies account for approximately 70% of investments, approximately half (35%) of which being accounted for by low-income economies