

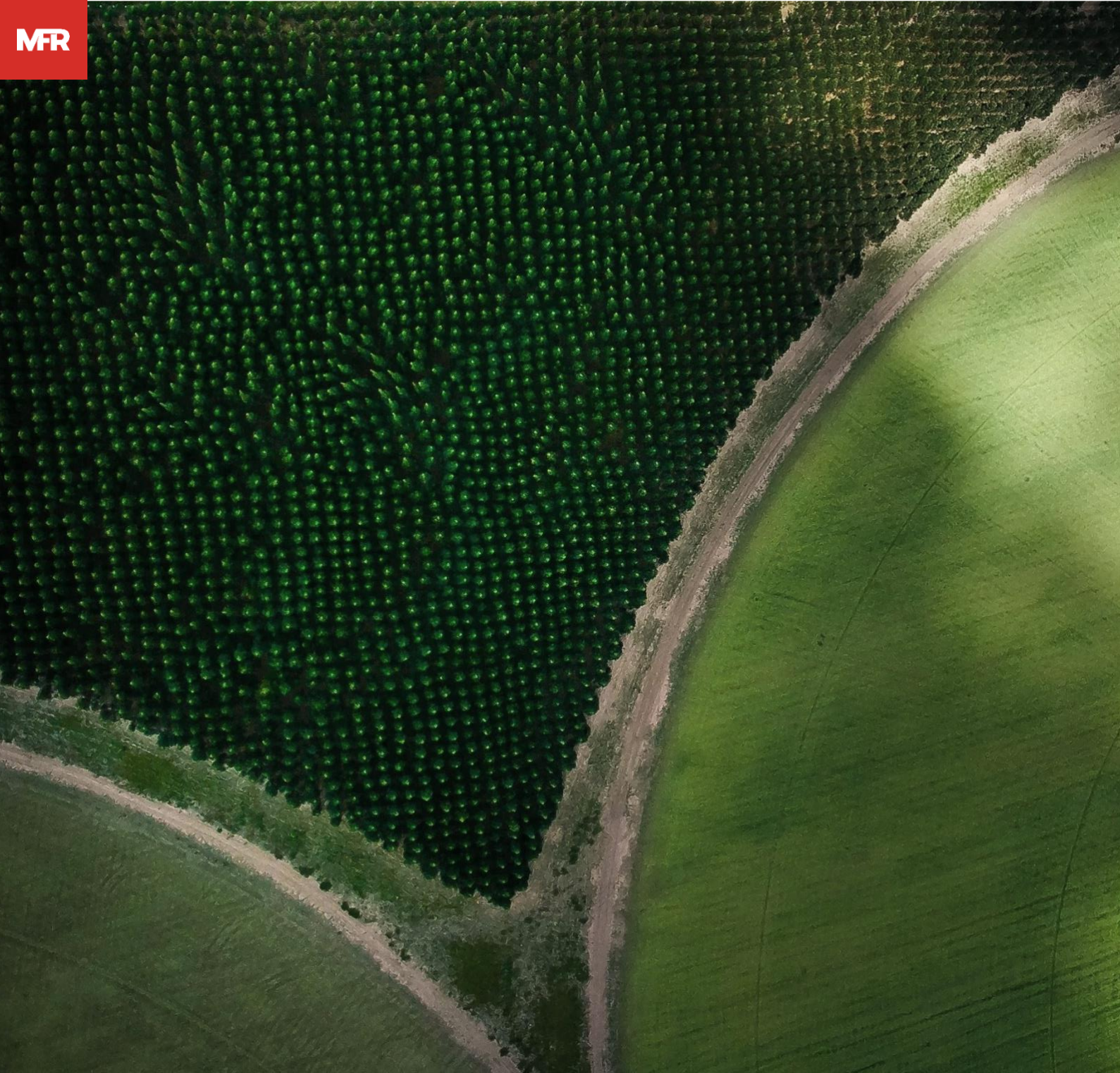
# Technical Proposal

SOCIAL & ENVIRONMENTAL RATING



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# Company Profile

We are the leading global rating agency  
specialized in inclusive and sustainable finance

# Company Profile

**MFR** is a global rating agency with over 20 years of experience, providing **evaluations, information,** and **technical expertise** to promote best practices and drive responsible investments in the sustainable finance industry.

Our vision is to help **build a more transparent future** in which capital is combined with a **social and environmental purpose**, fostering the growth of a more inclusive and sustainable industry worldwide.

Headquartered in **Italy**, with offices in **Kyrgyzstan, Kenya, Ecuador, and Bolivia**, and a presence in **India, the United Kingdom, France, and Mexico**, MFR operates across **4 continents**, solidifying its position as a global strategic partner.

MFR's credibility is supported by our international accreditations, which enable us to promote trust and good practices in the industry.



**MFR has been accredited by:**

Cerise+SPTF

**To carry out:**

Client Protection Certification

Alinus Audits SPI5



**MFR has been accredited by:**

European Commission

**To carry out:**

Code of Good Conduct



**MFR has been accredited by:**

EIB-InvestEU

**To carry out:**

Evaluation Products under the

SIFTA program



**MFR has been accredited by:**

ICMA

**To carry out:**

Second Party Opinion of a Green,

Social and Sustainability Bond

Framework



**MFR has been accredited by:**

MFV/DFC

**To carry out:**

Rating of MSME funds, clean energy

(PAYGO) funds, agricultural funds

and housing funds



**MFR has been accredited by:**

GOGLA

**To carry out:**

Consumer Protection Assessment

of off-grid solar energy

companies.



**MFR has been accredited by:**

Truelift

**To carry out:**

Truelift Assessment



**MFR has been accredited by:**

Philippines local central bank

**To carry out:**

Risk Ratings of Microfinance

Institutions.

Throughout our trajectory, we have forged strategic alliances with leading **private social investors, fund managers, development financial institutions, specialized hedge funds, and international organizations**, thereby strengthening our global impact.



**French Development Agency (AFD)**



**German Investment and Development Company (DEG)**



**Dutch Entrepreneurial Development Bank (FMO)**



**European Investment Bank**



**European Bank for Reconstruction and Development**



**Inter-American Development Bank**



**European Commission**



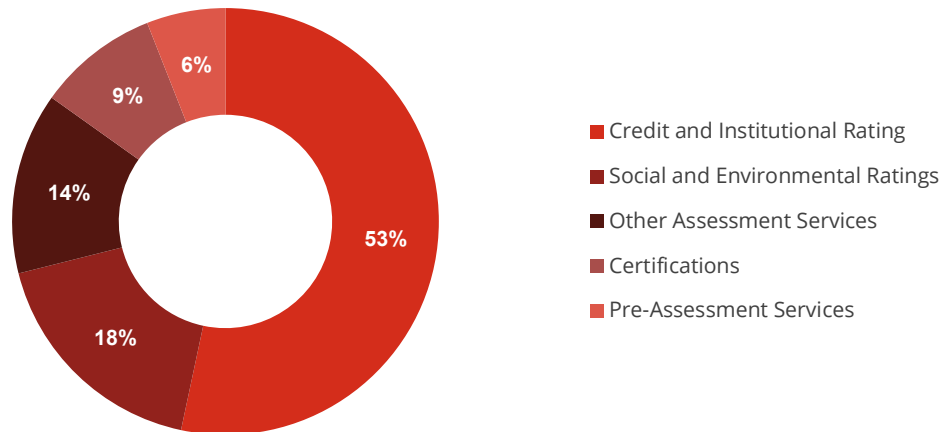
**Council for the development of Cambodia**



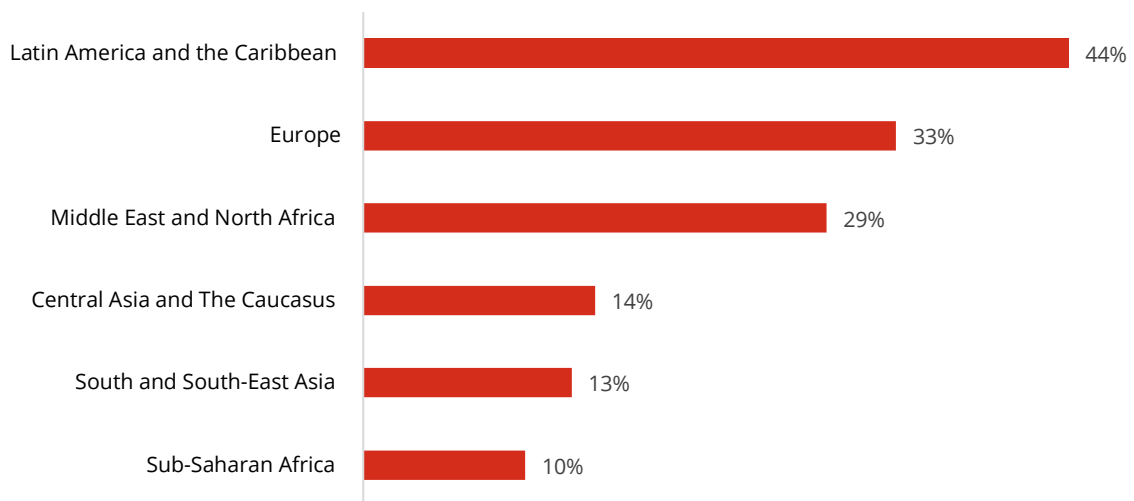
**Proparco**

To date, we have conducted over **4,300 evaluations** across **120 countries globally** and leads the **global market in Client Protection Certification**, covering over **70% of certified institutions** worldwide:

### Global service diversification



### Global outreach



\*Of the total global outreach, 44% is attributed to Latin America and the Caribbean, while 56% corresponds to other regions, based on the number of assignments completed.

The data presented in the graphs reflects the period from 2001 to 2024.

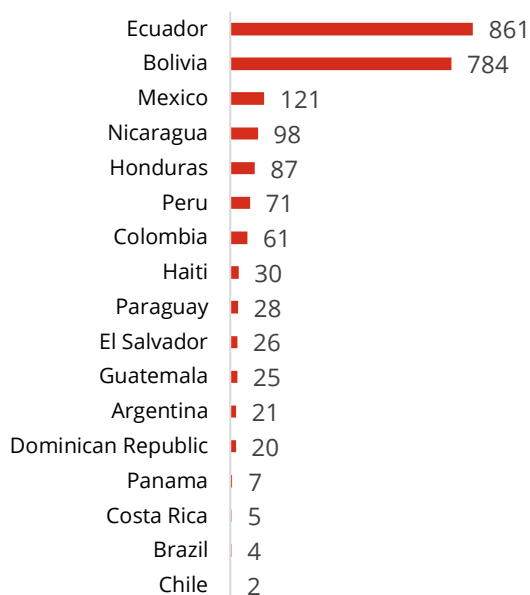
## Experience in Latin America & The Caribbean

At MFR, our mission is to generate independent opinions and data, while providing technical expertise that not only promotes international best practices but also serves as key tool for responsible investment decisions in the inclusive and sustainable finance industry across Latin America and the Caribbean.

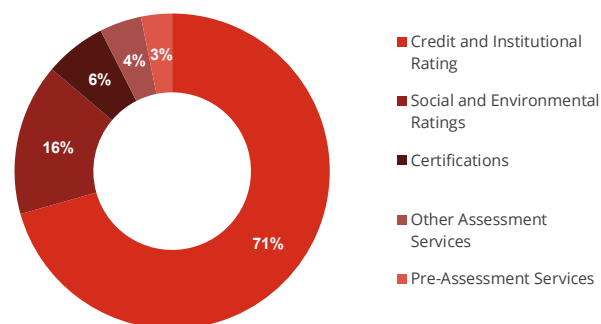
With over **2,000 evaluations conducted in 17 countries**, MFR has established itself as the leading rating agency specializing in inclusive and sustainable finance in Latin America and The Caribbean.

Our experienced teams, based in **Quito, La Paz, and Mexico City**, leveraging deep local insights to deliver tailored solutions that meet the diverse needs of financial institutions, regardless of size, legal structure, or stage of development.

LAC outreach



LAC service diversification



\*The data presented in the graphs reflects the period from 2001 to 2024.

In Ecuador and Bolivia, MFR stands out as **the first specialized rating agency authorized by regulatory bodies**, ensuring quality and rigor in our services:

- The **Superintendency of Banks (SB)**, the **Superintendency of Popular and Solidarity Economy (SEPS)**, and the **Superintendency of Companies, Securities, and Insurance** have authorized us to provide Credit Rating services.
- In Bolivia, the **Financial System Supervisory Authority (ASFI)** has authorized us to provide Credit Rating and Corporate Social Responsibility Performance services.

Our services are designed to **enhance the performance, reputation, and impact** of financial institutions in the region:

#### Latin America and The Caribbean

- [Institutional Rating](#)
- [Social and Environmental](#)
- [Client Protection Certification](#)
- [Impact Assessment](#)

#### Ecuador

- [Credit Rating of Financial Institutions](#)
- [Credit Rating of Instruments for the Stock Market](#)

#### Bolivia

- [Credit Rating of Financial Institutions](#)
- [Credit Rating of Securitization Processes](#)
- [Corporate Social Responsibility Performance Rating](#)



## Experience in South and South-East Asia

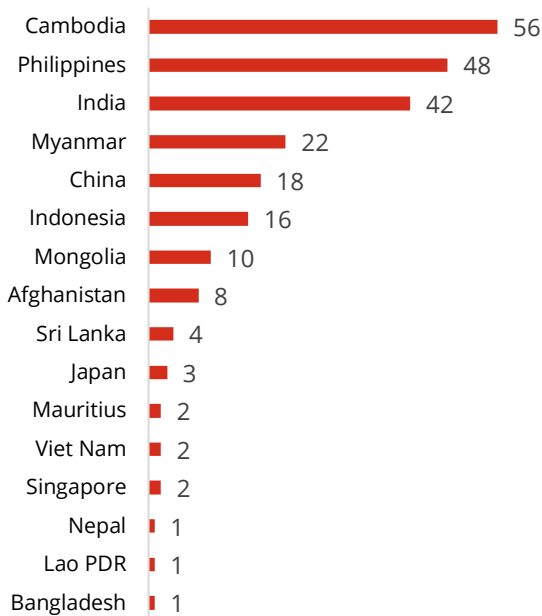
**MFR** is one of the leading microfinance rating agencies in the region. We are accredited by the **Bangko Sentral ng Philippines (BSP)** as a Microfinance Institutions Rating Agency (MIRA) and have a permanent staff based in India with extensive experience in the region.

We have worked with institutions with varying legal statuses, sizes, and stages of development tailoring our services to meet their specific needs.

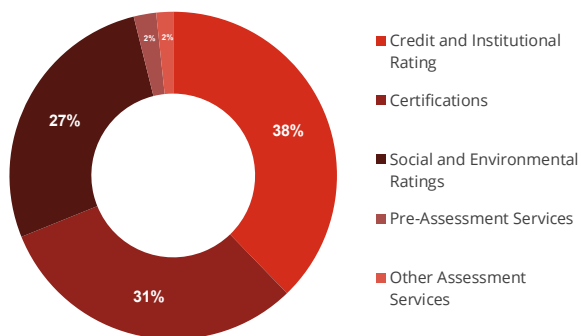
In the SSEA region, our most in-demand services are Client Protection Certification and Social and Environmental Ratings. **With over 200 completed assignments**, we have supported financial institutions in enhancing transparency, responsible practices, and long-term sustainability.



**SSEA outreach**



**SSEA service diversification**



\*The data presented in the graphs reflects the period from 2001 to 2024.

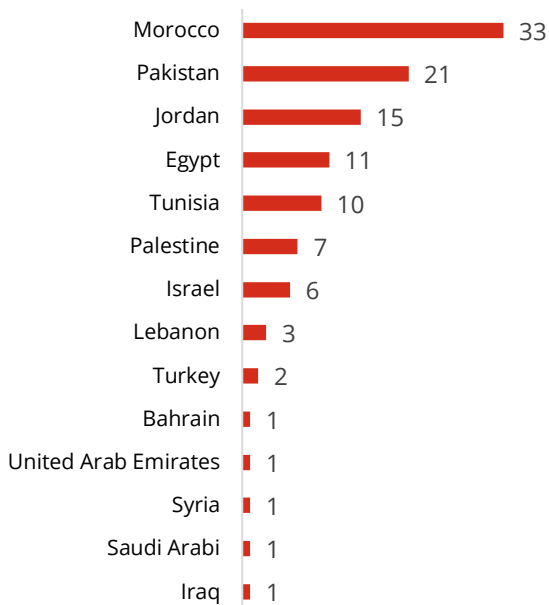
## Experience in MENA Region

**MFR** is the leading microfinance rating agency in the MENA region, with a presence dating back to 2005. Our team, based in Milan, Italy, brings extensive experience working with diverse financial institutions of varying legal statuses, sizes, and stages of development, tailoring our services to their specific needs.

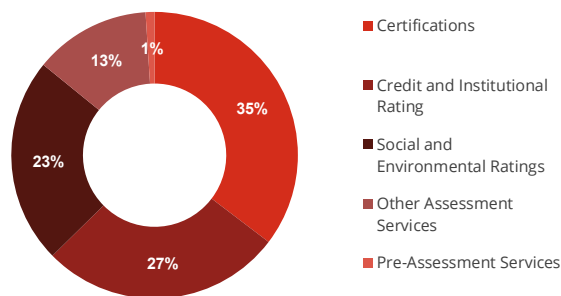
To date, **we have completed over 100 assignments in MENA**, supporting institutions in enhancing transparency, long-term sustainability, and responsible practices. Our most in-demand service in the region is Client Protection Certification and Social and Environmental Ratings.



**MENA outreach**



**MENA service diversification**



\*The data presented in the graphs reflects the period from 2001 to 2024.

## Experience in Sub-Saharan Africa

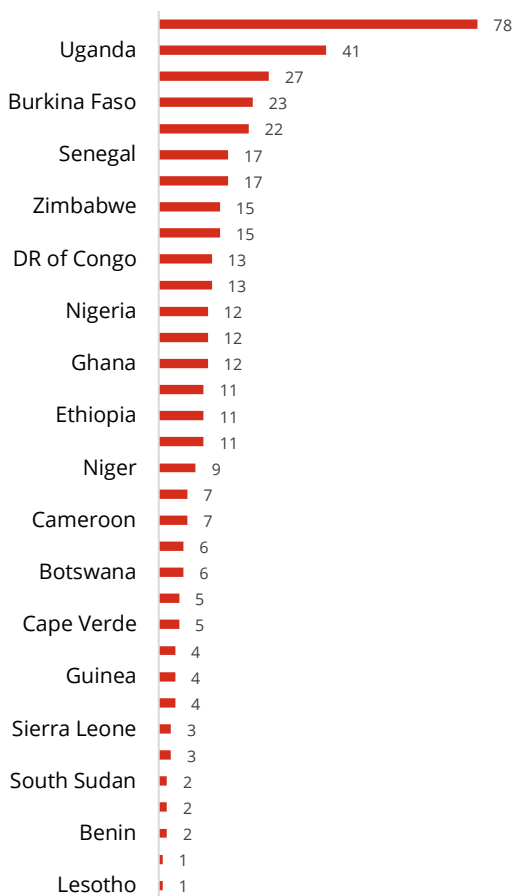
MFR is the leading microfinance rating agency in Sub-Saharan Africa. We have been operating in the region since 2005, with our regional office in Kenya coordinating operations across the continent since 2007.

We have worked with financial institutions of varying legal statuses, sizes, and stages of development, tailoring our services to meet their specific needs.

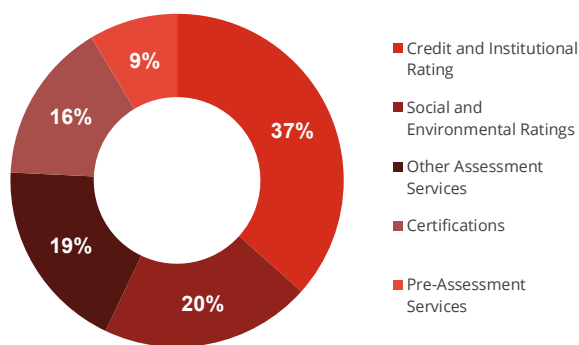
**MFR has completed over 400 assignments in Africa,** supporting institutions in enhancing transparency, long-term sustainability, and responsible finance practices. Our most in-demand services in the region are Social and Environmental Ratings and Client Protection Certification.



SSA outreach



SSA service diversification



\*The data presented in the graphs reflects the period from 2001 to 2024.

## Experience in Central Asia & the Caucasus

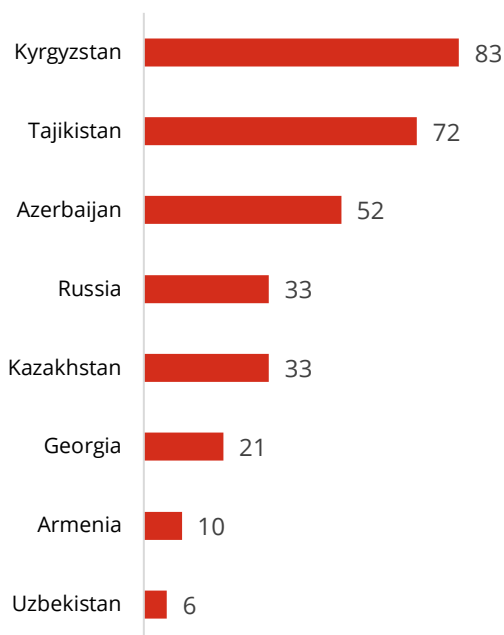
MFR is one of the leading microfinance rating agencies in the region. We have a permanent team based in Bishkek, Kyrgyz Republic, with extensive experience working across the region.

We have worked with financial institutions of varying legal statuses, sizes, and stages of development, tailoring our services to meet their specific needs.

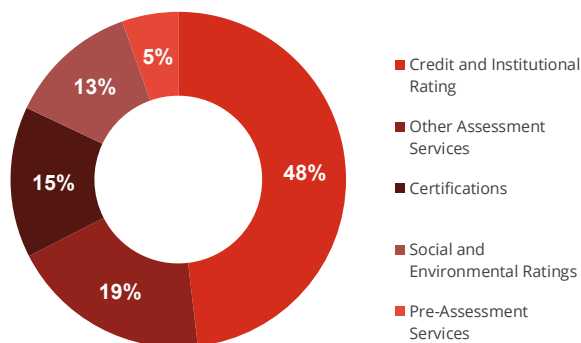


MFR has conducted over 300 assignments in the region, supporting institutions in strengthening transparency, long-term sustainability, and responsible practices. Our most in-demand services include Due Diligence, Social and Environmental Ratings incorporating Client Surveys and Focus Group Discussions, and Client Protection Certification.

CA outreach



CA service diversification



\*The data presented in the graphs reflects the period from 2001 to 2024.

## Experience in Europe

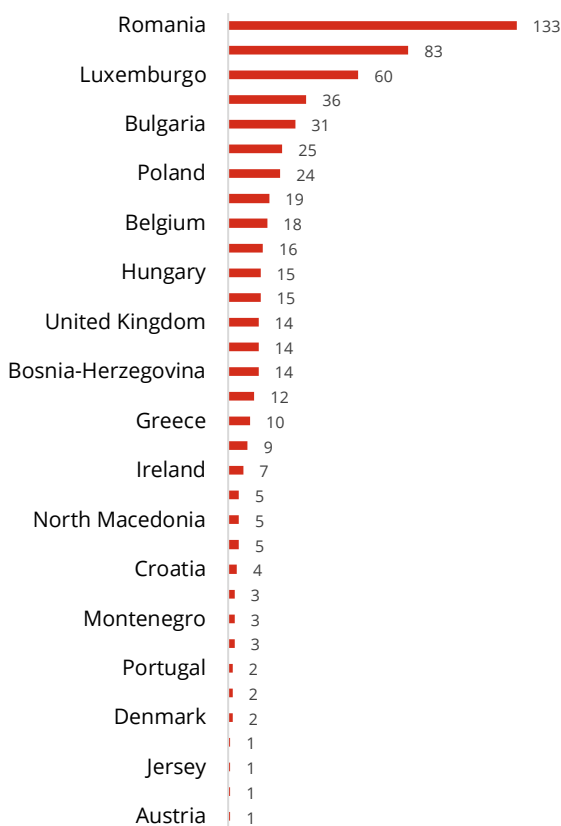
In the sustainable and inclusive finance industry, **MFR** is the leading rating agency in the region. Our headquarters is in Milan, Italy, where the majority of our permanent staff is based.

MFR's strength lies not only in its 20+ years of experience across Europe and neighbouring countries, but also in its expertise and agility in working with a diverse range of financial institutions and services catered for social enterprises, such as incubators and local enterprise agencies that focus on generating employment opportunities, etc.

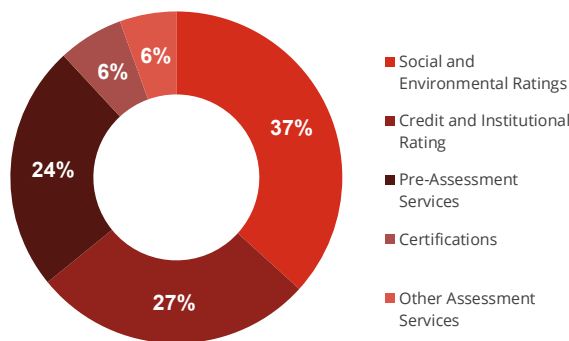
MFR has conducted **over 500 assessments in 33 countries**, supporting institutions in enhancing transparency, long-term sustainability, and responsible practices.



**EU outreach**



**EU service diversification**



\*The data presented in the graphs reflects the period from 2001 to 2024.



# Technical Proposal

We tailor our services to each context, ensuring they meet the specific needs of every client

# Technical Proposal

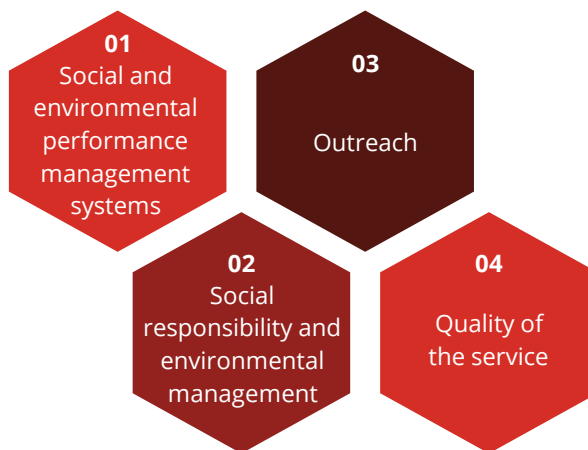
## Social & Environmental Rating (SER)

The Social & Environmental Rating provides an opinion on the capacity of a financial institution to put its mission into practice and achieve its social and environmental goals, through an independent assessment of its social and environmental performance.

Our proprietary rating methodology

- Is fully aligned with the **Universal Standards of Social and Environmental Performance Management Standards (USSEPM)** as defined by the Social Performance Task Force (SPTF) and the **Universal Standards of Client Protection** as defined by Cerise+SPTF.
- Features a **comprehensive reporting** with customized explanation of the Social & Environmental Rating findings to ensure full understanding of the social and environmental performance strength and challenges and to support the final grade.
- Provides an external validation of the implementation of the **Universal Standards of Social and Environmental Performance Management (USSEPM)**, helping the institution improve its social and environmental performance management systems, and indicates the efforts required to achieve the Client Protection Certification (CPC).
- **Evaluate your ESG performance.** We assess your Environmental and Social (E&S) strategy and policy, along with E&S risk management practices. The evaluation also includes an analysis of E&S reporting and assessment, the use of environmental taxonomies, measurement of your internal ecological footprint, and initiatives related to community social responsibility and projects.
- Measures **social results** in terms of outreach and quality of the services, including an analysis of data available at institutional level. Possibility to include a dedicated survey and focus group discussions (FGDs) administrated to a representative sample of clients.
- Can be easily combined with **additional services** including:
  - i) Add-on **survey of clients** and **focus group discussions** to measures the outreach and quality of the service at the client level.
  - ii) **Client outcome** measurement to obtain indicators of the change in client lives from the MIS, loan files and an ad-hoc survey of clients.
  - iii) Development of a **social and environmental roadmap** based on the detailed findings of the Social & Environmental Rating to guide FIs in improving their social and environmental performance management systems.
  - iv) **SPI5.**

The graphic below shows the framework of the Social & Environmental Rating including areas of analysis. More details about the rating indicators per sub-area are provided in the next graphic:



The table provides details on the Social & Environmental Rating methodology by showing the indicators per each sub-area and their relative weight. The sub-areas indicated with the symbol ★ are aligned with the [Universal Standards of Social and Environmental Performance Management](#) of Cerise+SPTF and those with the symbol ★★ with the Universal Standards of Client Protection.

Social and Environmental Performance Management Systems		28%
<ul style="list-style-type: none"> <li>▪ Mission, Governance and Strategy ★</li> <li>▪ Social and Financial Balance ★</li> <li>▪ Tracking and Monitoring System ★</li> <li>▪ HR alignment to the Mission★</li> </ul>	<p>The social and environmental performance management systems of the financial institution are evaluated considering all the actors and functions that contribute to their implementation within the organization. The mission statement is analysed to determine its completeness and reflection of the institutional intentions.</p> <p>Governance social and environmental commitment, guidance and supervision is placed under scrutiny to verify adherence to the mission across the institution social and environmental strategy. Social and financial balance is verified in terms of growth, sustainability, funding structure, profitably and management compensation. The institution social and environmental performance management systems are deeply analysed to determine the capacity to track and monitor the social and environmental results.</p> <p>The evaluation of HR alignment to the mission statement provides an opinion on personnel adherence to the institution social and environmental strategy.</p>	

## Social Responsibility and Environmental Management

27%

- Social Responsibility towards Personnel ★★
- Client Protection ★★
- Environmental Management ★
- Social Responsibility with the Community ★

The institution's social responsibility is assessed throughout its different components. The first section is dedicated to staff and aims at verifying proper implementation of labour conditions.

The next section is dedicated to the institution's adherence to the Client Protection Principles to determine if any process or practice in place may have a negative impact on the client.

Finally, the institution overall approach toward the environment and community is considered.

## Outreach

25%

- Areas of Operation
- Target Reached

We assess the institution's depth of outreach and its alignment to the mission statement. Several items are considered as the geographic coverage, the social vulnerability of the clientele reached, the access to financial service, etc. The breath of outreach is also evaluated, and the institution is compared against its peers in the country and region.

The service can be further enriched with dedicated survey on clients and focus group discussions to measures the outreach and quality of the service at the client level or client outcome measurement to obtain indicators of the change in client lives from the MIS, loan files and an ad-hoc survey of clients.

## Quality of the Service

20%

- Variety of Service
- Quality of the Service ★★

In this session we aim at providing an opinion of the service offered by the institution by analysing their complexity and capacity to satisfy the diverse client's need in terms of flexibility, appropriateness and variety. If offered by the institution, non-financial services are also evaluated.

The Social & Environmental Rating grade is based on the Social & Environmental Rating scale illustrated below:

Grade	Definition
<sup>s</sup> <b>AA</b>	Excellent social performance management and client protection systems. High likelihood of achieving the mission.
<sup>s</sup> <b>A</b>	Good social performance management and client protection systems. Mission likely to be achieved.
<sup>s</sup> <b>BB</b>	Adequate social performance management and client protection systems. Satisfactory alignment to the mission.
<sup>s</sup> <b>B</b>	Moderate social performance management and client protection systems. Partial alignment to the mission.
<sup>s</sup> <b>C</b>	Weak social performance management and client protection systems. Medium risk of mission drift.
<sup>s</sup> <b>D</b>	Poor social performance management and client protection systems. Risk of mission drift.

The modifiers “+” and “-” which can be added to the rating grade indicate small relative differences within each rating category.

## Timeline and Work Plan

The following work plan applies for the services presented in the current proposal.



\* MFR's Rating Committee Unit (RCU), constituted of three senior members, reviews the final report, defines the final grade and outlook, and is generally in charge of ensuring the quality standards of the deliverables.



# Explore, connect and collaborate with MFR

## Connect with us on LinkedIn

At MFR, we take pride in being part of a global community that drives sustainability and financial inclusion. Through our LinkedIn page, we share key insights, emerging trends, and reflections on our experience collaborating with investors and industry leaders. Join our network and stay up to date on how we contribute to a future where capital combines with social and environmental purpose.

[🌐 Visit our LinkedIn Page](#)

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## Discover more on our website

Our website is the go-to resource for those seeking in-depth information about our services. Explore reports and discover our impact across more than 120 countries.

[🌐 Visit us here](#)

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## Contact information

If you need more information or assistance, reach out to our team. We are committed to supporting financial institutions in enhancing their performance, reputation, and impact.

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