

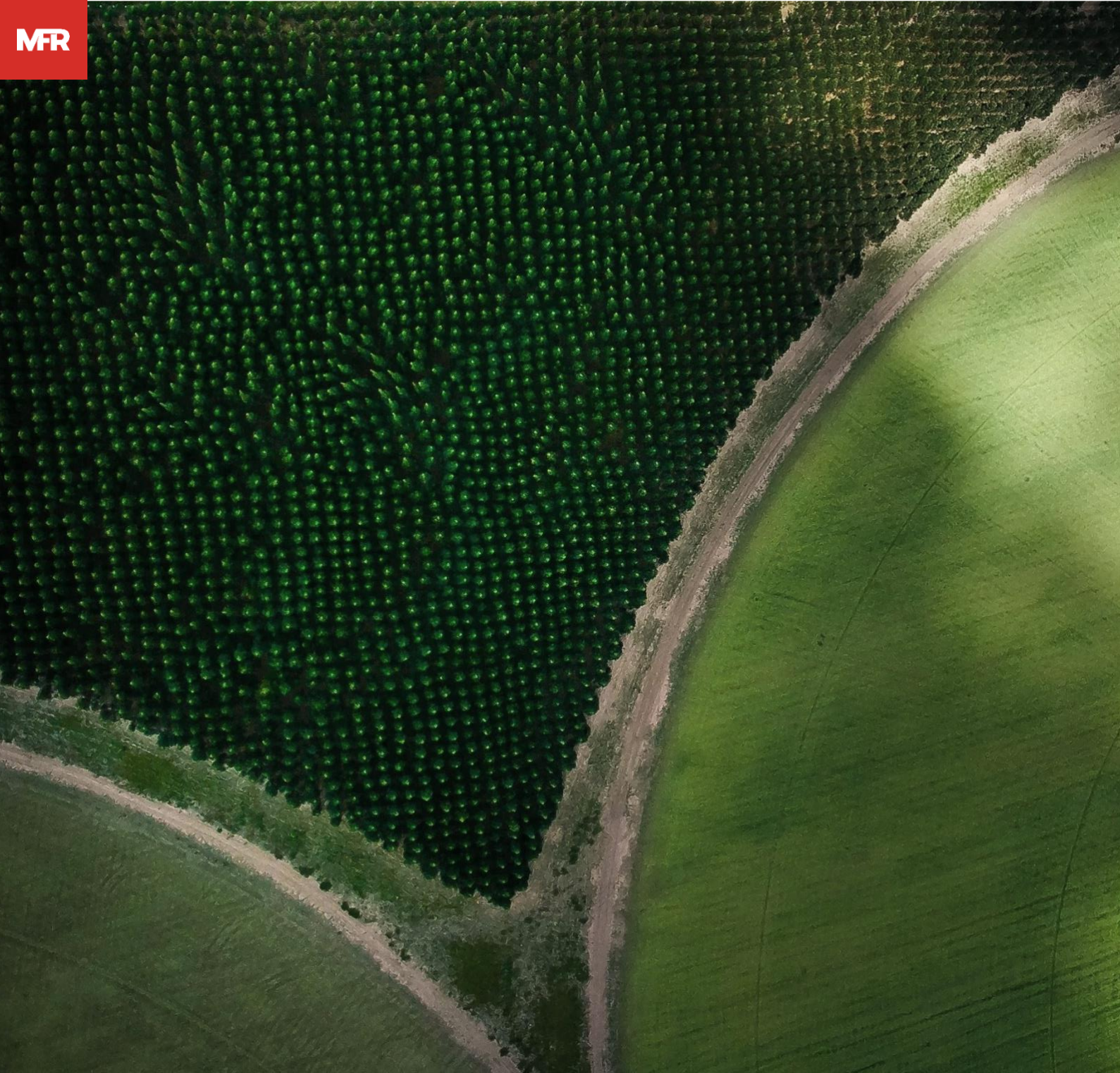
# Technical Proposal

SECOND PARTY OPINION (SPO) ON GREEN, SOCIAL  
AND SUSTAINABILITY BOND FRAMEWORK



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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**



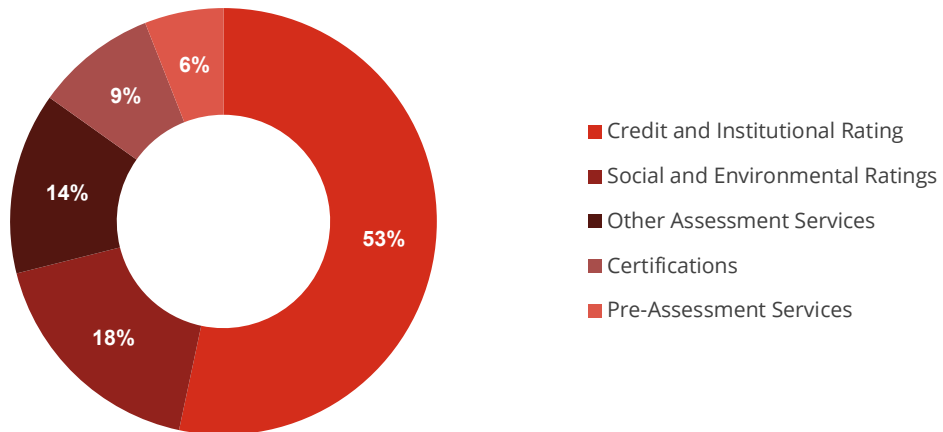
**Council for the development of Cambodia**



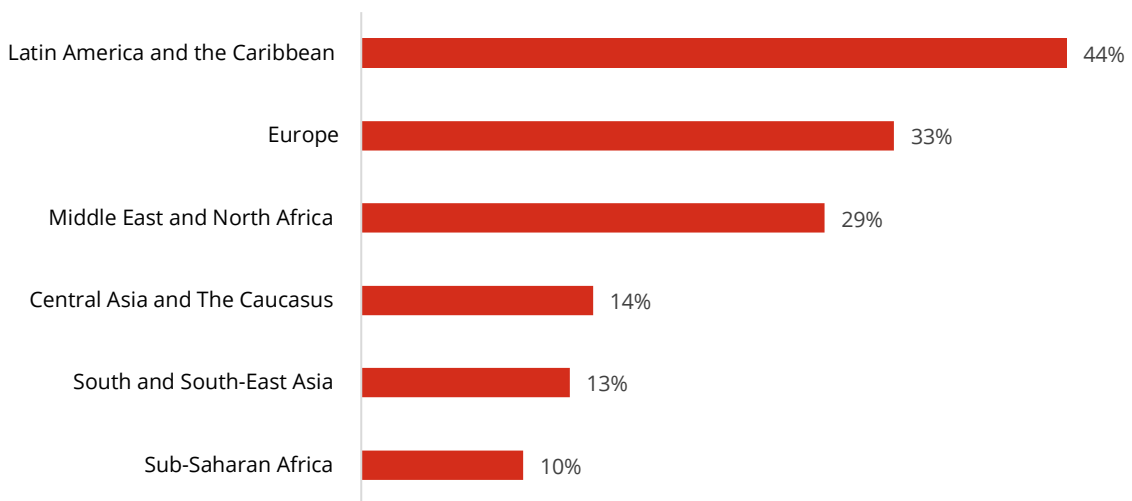
**Proparco**

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.

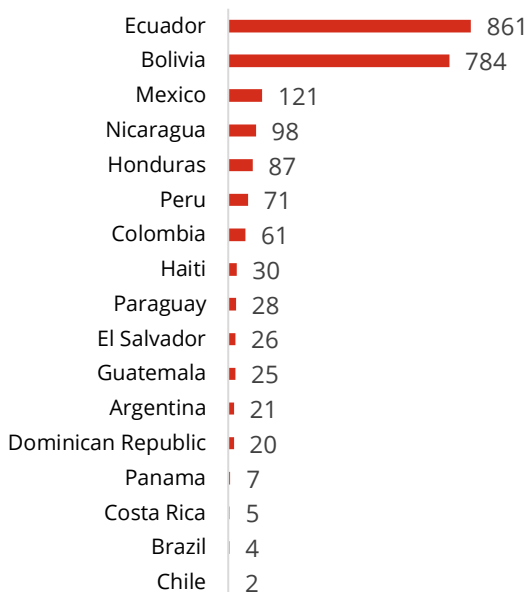
## Experience in Latin America & The Caribbean

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.

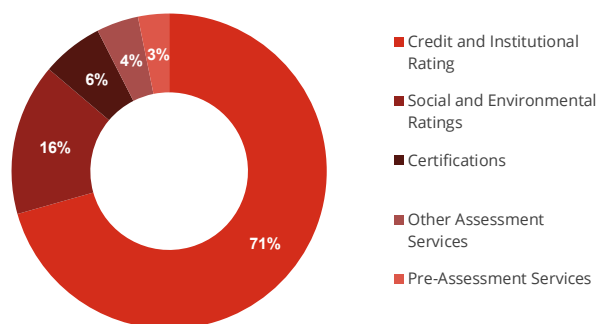
With over **2,000 evaluations conducted in 17 countries**, MFR has established itself as the leading rating agency specializing in inclusive and sustainable finance in Latin America and The Caribbean.

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

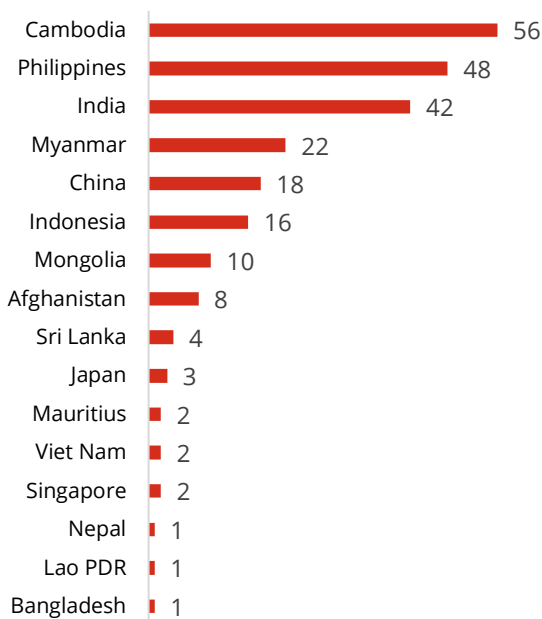
MFR is one of the leading microfinance rating agencies in the region. We are accredited by the **Bangko Sentral ng Philippines (BSP)** as a Microfinance Institutions Rating Agency (MIRA) and have a permanent staff based in India with extensive experience in the region.

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

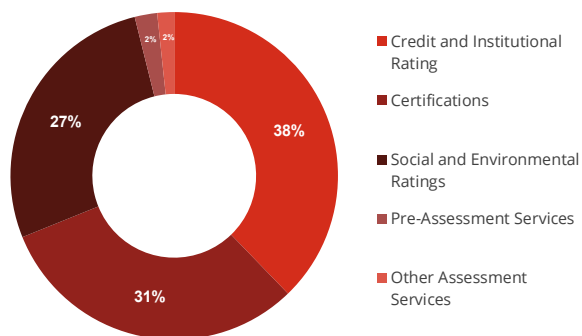
In the SSEA region, our most in-demand services are Client Protection Certification and Social and Environmental Ratings. **With over 200 completed assignments**, we have supported financial institutions in enhancing transparency, responsible practices, and long-term sustainability.



SSEA outreach



SSEA service diversification



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

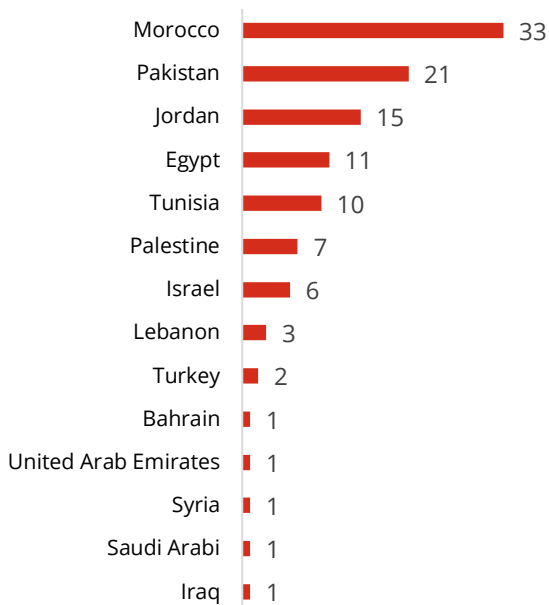
## Experience in MENA Region

**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.

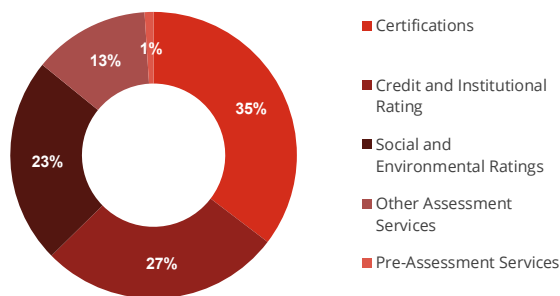
To date, **we have completed over 100 assignments in MENA**, supporting institutions in enhancing transparency, long-term sustainability, and responsible practices. Our most in-demand service in the region is Client Protection Certification and Social and Environmental Ratings.



**MENA outreach**



**MENA service diversification**



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

## Experience in Sub-Saharan Africa

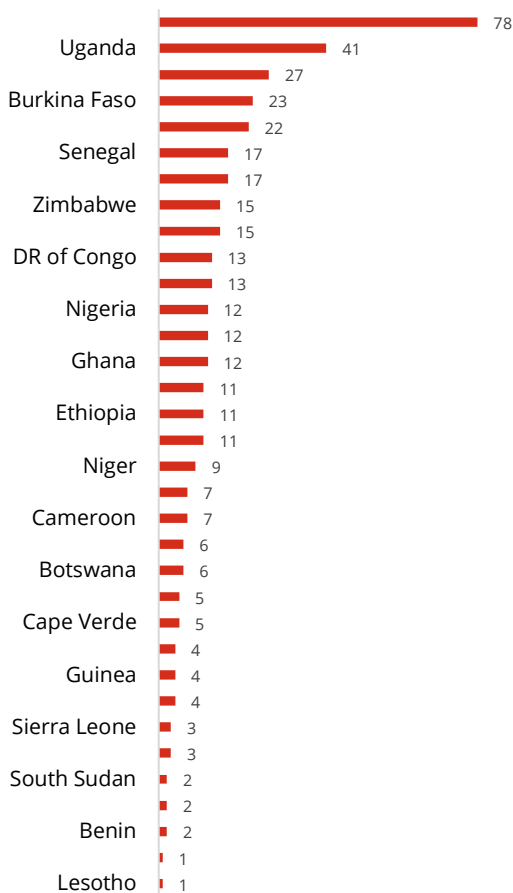
MFR is the leading microfinance rating agency in Sub-Saharan Africa. We have been operating in the region since 2005, with our regional office in Kenya coordinating operations across the continent since 2007.

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

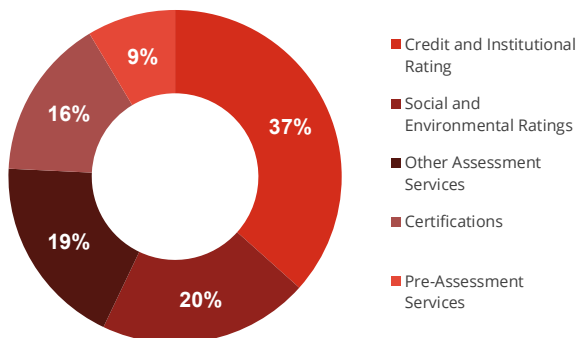
**MFR has completed over 400 assignments in Africa,** supporting institutions in enhancing transparency, long-term sustainability, and responsible finance practices. Our most in-demand services in the region are Social and Environmental Ratings and Client Protection Certification.



**SSA outreach**



**SSA service diversification**



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

## Experience in Central Asia & the Caucasus

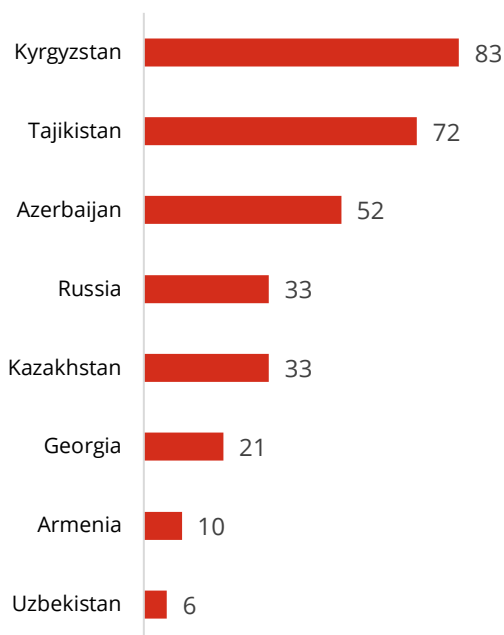
MFR is one of the leading microfinance rating agencies in the region. We have a permanent team based in Bishkek, Kyrgyz Republic, with extensive experience working across the region.

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

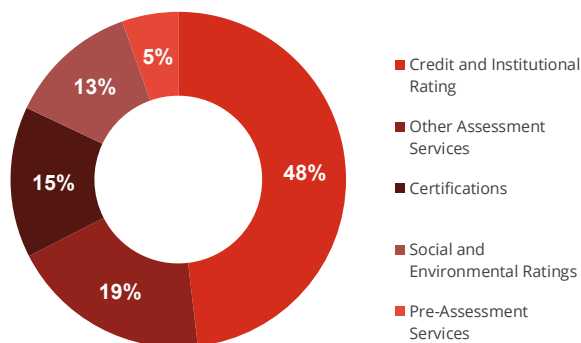


MFR has conducted over 300 assignments in the region, supporting institutions in strengthening transparency, long-term sustainability, and responsible practices. Our most in-demand services include Due Diligence, Social and Environmental Ratings incorporating Client Surveys and Focus Group Discussions,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

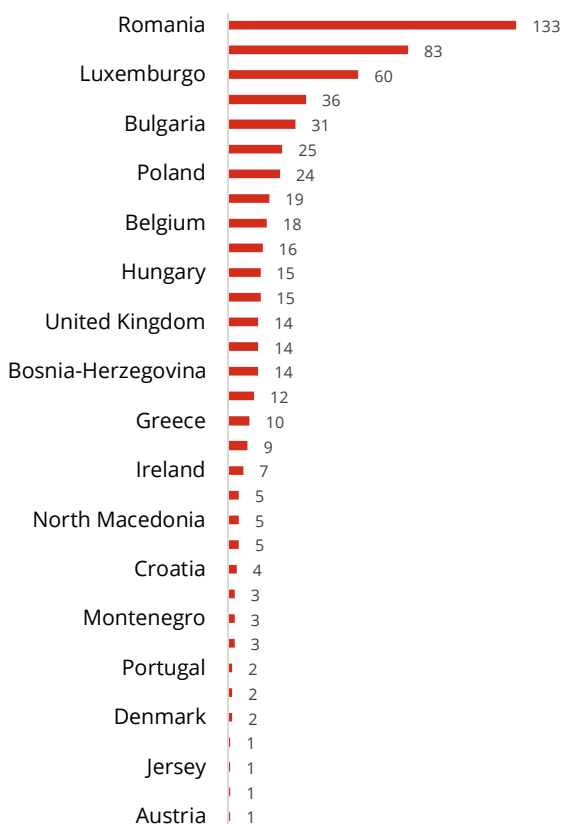
In the sustainable and inclusive finance industry, **MFR** is the leading rating agency in the region. Our headquarters is in Milan, Italy, where the majority of our permanent staff is based.

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.

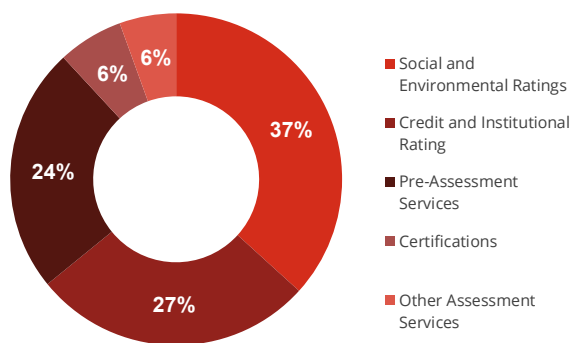


MFR has conducted **over 500 assessments in 33 countries**, supporting institutions in enhancing transparency, long-term sustainability, and responsible practices.

**EU outreach**



**EU service diversification**



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

## Experience with assessment of Social, Green and Sustainability investments

MFR brings a unique combination of scale, depth, and specialization in assessing Green and Social performance of organizations targeting low-income customers and Micro, Small and Medium Enterprises (MSMEs) in emerging markets. **With over 400 [Social and Environmental Ratings](#), conducted in more than 50 countries**, MFR has helped financial institutions to strengthen their ability to implement their mission and achieve their social and environmental goals.

### Social and Environmental Rating and Second Party Opinion

MFR's Social and Environmental Rating (SER) provide an expert opinion on a financial institution's ability to implement its mission and accomplish its social and environmental goals. The SER areas align with frameworks used for Second Party Opinions (SPOs) on Green, Social, and Sustainability Bonds, and include:

- **Assessment of targets and intended benefits:** Review of green and social objectives and intended benefits of the organization and clear identification of SMART targets, including type of target population when applicable, to guide the lending or sale activity according to the intended green and social goals.
- **Eligibility and risk management systems:** Adequacy of the criteria to ensure that the projects and products financed are in line with the intended green and social goals, meet green and social eligibility criteria (e.g. exclusion list), and rely on systems to manage green and social risks.
- **Reporting and impact measurement:** Adequacy of the system to report on the projects and products financed, population reached, and green and social objectives achieved.
- **Governance and strategic alignment:** Evaluation of governance and strategy alignment to the green and social objectives.

### Responsible finance and risk oversight

Assessment of the quality of an organization's **systems** to **minimize green** and **social risk** such as causing **harm** to **low-income clients** and causing **harm** to the **environment** through **e-waste**:

- 130+ [Client Protection Certifications](#) of financial institutions
- 71 [European Code of Good Conduct Evaluations](#) of financial institutions
- 15 [GSMA Code of Conduct certifications](#) of Mobile Money Operators
- 3 [Digital client protection assessments](#) of Fintech companies
- 3 [GOGLA Consumer Protection third party assessments](#) of Off-grid Solar PAYGo companies

## Impact and outcome measurement

- Assessment of the **social impact** results and the **change in end-clients' lives** as part of 10+ [Impact assessments](#) of financial institutions serving MSMEs in emerging markets.
- Development of Guidelines on [Outcomes Management](#) for Impact Investors (2016), in partnership with the European Microfinance Platform (e-MFP) and the Social Performance Task Force (SPTF).
- Development of Guidelines to Assess the [Environmental and social performance of SME finance institutions](#) for **impact investors**.

## Key advisory strategic projects in green and inclusive finance

1. **Green finance** assignments with companies, investors, and standard setters, including:
  - Development of a strategy to **grow** the **green portfolio** of a **financial institution** serving MSMEs in Ivory Coast (e.g. renewable energy, agriculture value chain, energy efficiency, waste management, recycling), supported by EDFI.
  - Fine-tuning of indicators and schemes to measure **Off-grid Solar PAYGo companies' portfolio quality** and **financial performance** ([PAYGo PERFORM KPIs](#)), as well as to provide [Consumer Protection third party assessments](#) (GOGLA Consumer Protection code), supported by IFC Lightning Global, CGAP and GOGLA.
  - Development of **risk methodologies** for a **renewable energy fund** managed by [REEEP](#) targeting Off-grid Solar PAYGo companies, Min-grids and Productive Use.
  - Development of a **credit scoring** for a fund managed by Cordaid targeting **SMEs** in Africa in green sectors such as **clean energy** and **climate smart agriculture**.
  - Fine-tuning of the methodology to classify banks' portfolio according to Green, Social and Prosperity criteria as part of the [Global Alliance for Banking on Values](#) scorecard.
2. Management of [ATLAS](#), a data platform centralizing green, social, governance and financial data of 3,000+ financial institutions serving MSMEs and renewable energy companies worldwide, for **benchmarking** purposes.
3. Assessments and ratings of **funds**, investors and **holdings** working in financial inclusion and access to clean energy, including: FMO, Triple Jump, Promujer International, Microfinance Solidaire, Platcorp, SIMA, CoopMed, Zimbabwe Microfinance Fund.
4. **Rating** of **Bonds** issued by financial institutions regulated by ASFI in Bolivia.

## Strategic partnerships with investors and other stakeholders since 2000:



### In-country experience: Senegal

- 10 assignments conducted in Senegal, including assessments and ratings of MSME Finance institutions (e.g. Baobab Senegal) as well and other stakeholders (e.g. UNCDF).
- Data of 10 MSME Finance institutions collected through the ATLAS data platform. Some of these institutions include: ACEP Senegal, PAMECAS, and Caurie.

## Benchmarking and data intelligence with ATLAS

MFR manages [ATLAS](#), a data platform centralizing **financial** and **ESG data** of Financial Institutions and Renewable Energy Companies, in partnership with industry initiatives (CERISE+SPTF, GOGLA, GABV, MIMOSA, Factsheet). Since 2020, ATLAS has offered **data benchmarking, validation, portfolio monitoring** and **consolidation** services to impact investors.

ATLAS aims to increase the **quality** of financial and ESG data available to decision makers, through tailored solutions for investees to report investors more **efficiently**, and for the industry to be more **accountable**.

To date, ATLAS houses data from **1,500 organizations** with data in recent years, and 4,000 organizations with data in any year since the year 2000, covering 140 countries and 9,8M datapoints.

ATLAS data sources include: MFR ratings and certifications, public data reclassified by MFR, investor's portfolio data, association member's data (e.g. GOGLA; GABV, EMN), CERISE SPI data, and others. Twelve investors use ATLAS for portfolio monitoring or share the monitoring data they collect with the platform.

Data undergo consistency checks to address gross inconsistencies and uncoherent trends before being uploaded. A reliability score is assigned to the data uploaded depending on the degree of validation received at source. Additional data accuracy validation services are available on demand.

ATLAS achieved break-even after 2 years from launch. Currently, about 23 investors, research institutes and other entities subscribe ATLAS.

For more information, please visit [ATLAS](#).



# Technical Proposal

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

# Technical Proposal

## Second Party Opinion (SPO) on Green, Social and Sustainable Bond Framework

The Second Party Opinion (SPO) provides an expert assessment of a Green, Social, or Sustainability Bond framework against the International Capital Market Association (ICMA) principles.



MFR is an external reviewer recognized by [ICMA](#), enabling us to offer SPOs in accordance with ICMA guidelines. SPO service is available to investors, mature financial institutions, banks, development finance institutions and companies willing to issue green, social or sustainability bonds.

The evaluation enhances the issuer's credibility and increases the bond's appeal by demonstrating alignment with ICMA principles to investors and the market. Enhanced transparency facilitates the engagement between issuers and investors with shared impact goals.

The ICMA principles are structured into four core components:



### Advantages of MFR's methodology

MFR SPO includes:

- Evaluation of the alignment of the Bond Framework with the four core components of the **ICMA Principles**.
- Assessment of the **issuer's** overarching **Sustainability Strategy** alignment with the Bond Framework and rationale for Bond issuance.
- Mapping of the Use of Proceeds categories with the **UN Sustainable Development Goals**.

- Evaluation of the alignment of the Bond Framework with **ASEAN Standards** (if applicable).
- Analysis of the alignment of the Bond Framework with the **EU Taxonomy** (if applicable).

The SPO exercise provides ample space for interaction between the issuer and MFR, including opportunities to share experience of international good practices and reflect on how they may be applied in the specific context of the Issuer. This offers the issuer the option to use the recommendations to further strengthen the Bond Framework.

## Second Party Opinion framework

The Second Party Opinion report provides:

- A concise opinion on the overall alignment of the Bond Framework to the ICMA principles.
- An in-depth assessment of the alignment of the Bond Framework to each one of the four ICMA core components, including strengths and opportunities for improvement: 1) Use of Proceeds; 2) Project Evaluation and Selection; 3) Management of Proceeds; and 4) Reporting.

The evidence used to generate the Second Party Opinion includes the following:

Evidence	Description
<b>1. Document</b>	<ul style="list-style-type: none"> <li>▪ Secondary sources on the specific market and sectors' context.</li> <li>▪ Bond Framework document and Issuer publicly available information.</li> <li>▪ Internal documents, policies, systems, and tools of the Issuer, of the Issuer partner organizations, and of the underlying borrowers (if already identified).</li> <li>▪ MFR quantitative and qualitative experience of similar Use of Proceeds.</li> </ul>
<b>2. Interviews</b>	<ul style="list-style-type: none"> <li>▪ Issuer key staff, management and BoD.</li> <li>▪ Partner organizations contracted by the Issuer for all, or some bond management functions (e.g. portfolio management company).</li> <li>▪ Underlying borrower organizations if already identified and applicable.</li> </ul>

The Final Second Party Opinion Report is issued by the **Second Party Opinion Committee**, composed of senior MFR members. The Second Party Opinion Committee is responsible the review and approval of the Second Party Opinion, ensuring independence and high quality of the assessment process and outcome.

## Timeline and Work Plan

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

### Interviews

1 week

- Interviews with key managers, directors, staff, and other relevant stakeholders
- Data cross-checked and verified
- Debriefing session with the issuer to share preliminary findings

### Feedback

1 week

- Feedback on the draft report from the issuer

### Desk review

2 weeks

- Coordination with the issuer
- Data and documents collection
- Desk analysis
- Interviews agenda

### Draft Report and Quality Control

4 weeks

- Draft report
- Quality control

### Final Report

1 week

- Reviewing the issuer's feedback
- Finalizing the report



# 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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