

## Improvement of Indonesian farmers' livelihoods

### Anticipated transaction impact

Improve the livelihood of rural coconut farmers in Indonesia through an equitable supply chain

<b>Impact score</b>	Pass (25/28)
<b>Credit score</b>	Pass (22/28)

### Loan Overview

Loan amount	USD 350,000
Tenor and structure	48-month term loan
Interest rate	8.5%
Collateral	USD 388k carrying value of equipment

### Financial Overview

2021E Revenue	USD 6,595 k
2021 Maturing loans	None
Net assets as of June 2021	USD 1,984 k

### Company Information

Legal name	PT Aliet Green Ltd
Incorporation date	May 2016 <sup>1</sup>
Corporate address	Yogyakarta, Indonesia
Nature of business	Producer of high-end organic coconut sugar
Website	<a href="https://alietgreen.com">https://alietgreen.com</a>

### Shareholders

Name	Share (%)
Lastiana Yuliandari Utami	99%
Frederika Listyangdyah Probosari	1%

### Company management

Name	Nationality	Position
Lastiana Yuliandari Utami	Indonesian	Founder, CEO
Bjoern Hartke		Production and Facilities
Puruhita		Finance

### Recommendation

Approval of a \$350,000 loan based on Aliet Green's strong impact and credit rating.

FX assumptions USD 1 : IDR 14,300



## Aliet Green

### Business overview

Aliet Green is a woman-owned, profitable Indonesian producer of organic coconut sugar. It exports 100% of its production to food manufacturers, re-packers, and importers. Its biggest export market is the US.

Aliet Green works with over 1,000 farmers from the Kulon Progo regency in Yogyakarta, Indonesia. The company is one of the pioneers of certified organic coconut sugar, offering higher prices for its farmers. In 2020, despite the covid-19 pandemic, Aliet Green experienced 58% year-on-year growth.

From its humble beginnings in 2009, Aliet Green has supported its growth through its own internal earnings. It started as a coconut sugar trading company but has evolved into a processor since 2013 by reinvesting profits back into incremental investments in processing equipment. Because of recent growth, Aliet Green is currently operating at 100% of its production capacity. Aliet Green is now seeking external funding to accelerate its growth. By investing in another production line, it can double its capacity and with that, its impact.

### Impact background

For smallholder farmers in Kulon Progo, life is not as idyllic as it seems. 1 in 5 people live below the Indonesian poverty line and livelihoods are mostly made from the informal sector. Up to 97% of the people depend on agriculture for their livelihoods. Growing crops for local consumption pays poorly and layers of middlemen capture most of the upside of production for export.

Coconut sugar has been harvested for millennia in Indonesia. To obtain the sugar, the coconut flower is cut, which prevents a coconut from forming. Then, on a daily basis, tappers climb the trees (up to 30 meters without supporting branches) to collect the sap that runs continuously. Although the work is dangerous and difficult, it isn't necessarily profitable.

A decade ago, when prices were lower, it was not uncommon for a smallholder farmer to make a little over \$1 a day harvesting coconut sap from the average piece of land. To earn that wage, a farmer needs to harvest from around 10 trees, and spend the best part of the morning boiling down the liquid sap. This dehydrated sap is then sold to a middleman, who may adjust prices according to demand and supply, as well as deduct for quality issues.

<sup>1</sup> PT Aliet Green, the current business entity was incorporated in 2016. Previously, Aliet Green was doing business under CV Aliet Green, established in 2009. PTs (Limited Liability Company) are legal entities regulated under UU No. 40 of 2007. CVs on the other hand are partnerships, with no specific regulations governing them.

## Impact delivery<sup>2</sup>

Fortunately, prices of coconut sugar have been steadily rising in the last decade. Following a 2008 report that found lower glycemic index in coconut sugar, demand from the US took off and grew rapidly from 2011. Against this backdrop, Aliet Green gives farmers a further boost by purchasing dehydrated sap at a 10% premium over what middlemen offer by helping them get certified as organic and fair-trade.

Aliet Green onboards farmers by village. They begin the relationship by introducing what Aliet Green has to offer to the village head. With the village head approval, Aliet Green then socializes its programs directly with the farmers. Those who demonstrate interest are trained on the standards required to be certified as organic and fair trade. Once field data are collated and submitted to the certification agencies, external auditors visit to certify the farmers. Certifications are typically tedious and technical; with the assistance of Aliet Green, the farmers of Kulon Progo get access to this premium market.



**1**Clockwise from top left: sugar blocks delivered from Aliet Green's suppliers; Mrs. Arjo from Hagarito village; Sieving activity in Aliet Green facility; In-house testing in Aliet Green's laboratory; Genjah entok (dwarf coconut tree) at Aliet Green's nursery

Additionally, Aliet Green gives farmers an assurance over both quality and quantity. In terms of quality, differing grades of coconut sugar is accepted within a narrow range of premium pricing; there isn't a steep discount for sugar that isn't in mint condition. In terms of quantity, Aliet Green will buy as much as farmers can produce. Because its own customers are always demanding more, Aliet Green practically acts like an inexhaustible well, where farmers can draw a living wage for coconut sugar delivered.

What isn't inexhaustible, however, is what coconut trees will give a farmer over its lifetime. A local coconut tree, "Kelapa Dalam" in local language, lives between 80 and 90 years but stays in peak productivity only between 10 and 40 years. These trees can grow very tall and harvesting from such trees require guts and gumption. One slip of the foot can prove crippling, even fatal. Work safety measures in such situations consist less in mandating hard hats as it does in experimenting with alternative species of coconut trees.

For over a year, Aliet Green has been cultivating seedlings of dwarf coconut trees in its nursery. Known as "Genjah Entok" by the locals, *Entok* meaning dwarf in Javanese, it has the potential to significantly lower the risk of sap

<sup>2</sup> Aisyah Hilal, on behalf of Beneficial Returns, performed a 2-day due diligence visit to the Hargotirto and Hargowilis villages of Kulon Progo regency. She interviewed three farmers and their families and visited Aliet Green's production facility.

harvesting, reduce the time required to harvest the sap, and open the vocation of coconut sap tapping to a greater proportion of the local community. This represents foresight on at least a couple of fronts – replanting to sustain and replanting thoughtfully. As these dwarf trees will not be sap producing until they reach ~3.5years, Aliet Green will have to wait a while more before knowing if this is indeed a viable replacement option.

Aliet Green personalizes engagement with farmers through its team of field directors who visit farmers regularly. Going by the name “Green Warriors,” this team of 19 female members serve as the critical link between Aliet Green and its network of farmers. The entire team is staffed by locals. Their foremost task is ensuring quality control and compliance with organic standards in the field. Yet as prevention is easier than remedy, they also advise farmers on maintaining fertility of their land, check on the health of coconut trees, and even encourage families to form the habit of clean living. “I never felt disturbed by the habit of littering in the garden. After joining AG, I now realize that everyone should maintain a clean environment. My daughter and her friends no longer throw trash carelessly. Living clean will make us healthy,” one of the farmers, Mr. Danar said.



2 Mr. Arjo making a cut on the blossom to harvest the sap; The Danar family from Hargowilis joined Aliet Green in 2017; Mr. Arjo scaling one of the 12 trees in their farm

What the farmers lack materially, they make up for in the vibrancy of community life. As such, true impact delivery must factor how communal life can be further provided for. Aliet Green has set up the Fair-Trade Farmers Association Fund to provide the means of improving communal life. Customers who purchase organic and fair-trade certified coconut sugar pay a 5% premium which is passed on to the Fund. The Fund distributed in excess of IDR 1 billion (USD 70K) in 2020 to meet farmers’ needs. Decisions around spending the money are made democratically by the farmers and have recently gone to a building for early childhood education, new roads, and garbage boxes for families.

### Environmental Impact

Apart from being a source of livelihood, the land farmers collectively farm on is also a deep carbon sink. At a time when we’re busy playing defense against the effects of climate change, the naturally forested areas farmers live on preserves precious topsoil, enriched by trees that put carbon in its proper place. It will be an ecological tragedy if such agroforestry systems are ceded to yet another conglomerate arriving with their truckloads of oil palm seedlings. As it is, with around 70% of the world’s topsoils degraded, we’re still losing more at a rate of 1% every year.

Around Kulon Progo, agroforestry systems dominate. Farming waste is recycled as compost to be a resource that nourishes the land. Farmers stay away from costly chemical inputs that pollute waterways and damage soil biology. Aliet Green’s effort to obtain both organic and fair-trade certification credits farmers with the price premium they deserve. Systems like this lead the charge in the battle against climate change.

## Industry overview

Indonesia is the global leader of coconut and palm sugar production. A majority of its 400,000 MT annual production is used for domestic consumption as an integral part of its local cuisine. Coconut sugar gained popularity overseas in 2008 when reports of its low glycemic index and higher levels of vitamins and minerals were popularized. It is part of the massive market of non-sugar sweeteners valued at about USD 14 billion in 2020 and is still projected to grow 2.7% annually<sup>3</sup>. On the other hand, estimates value the global coconut sugar industry to be at USD 1.3 billion with modest growth of 4.5% CAGR up to 2027<sup>4</sup>. The faster growth is partially influenced by the other food and beverage trends emerging in recent years:

- The shift towards more organic and natural ingredients. Organic food and beverage products restrict the use of synthetic food additives. While it may be intuitive that coconut trees are organic as these are grown in mixed-use agroforestry systems and typically do not require chemical inputs such as fertilizers and pesticides, producers must follow strict standards and protocols to be certified organic and take advantage of this trend.
- The increasing demand for gluten free products. Coconut sugar in its pure form is gluten free. Like its organic certification, however, producers must demonstrate that their goods have not touched any ingredient along the process chain which may contain gluten to qualify as a gluten free product.
- The increasing demand for vegan products. Animal bone char is sometimes used in sugar refining to produce its white color. Some sellers therefore market coconut sugar as an unprocessed and vegan alternative to regular sugar.

The US remains the top buyer of coconut sugar exports, but Europe's demand is growing and is expected to catch up. Aliet Green hopes to capture at least 8% (USD 28 million) of the global organic coconut sugar market by 2026. The USDA Organic Integrity Database lists 40 exporters of coconut sugar from Indonesia. 28 other suppliers from the Philippines, Thailand and India are registered under the USDA database. Of the Indonesian suppliers, only Aliet Green and CV Permata Satria are included in the Gluten Free Certification Organization manufacturer listing.

## Supply chain



Men are in-charge of tapping the sap of coconut blossoms. They usually begin at sunup, as early as 5.30am local time. Freshly harvested sap has to be preserved before it's cooked; and less than a teaspoon of natural preserving agents (a mixture of mangosteen resin and limestone) is added to bamboo containers used to collect the sap. Each tree can provide up to 3 liters of sap, which reduces to just over 0.3kg of block sugar, giving a sugar break ratio of 11-12% (sugar break ratio is the percentage of kg yield of sugar from sap).

Women will then boil and reduce the liquid sap on wood-fired stoves, a reflection of how much tradition continues to influence farmers. Farmers Aisyah met on the site visit had experimented with gas stoves from Aliet Green in the past but claim that results were sub-optimal. Men would usually engage in odd jobs or work other parts of the farm during this time.

Farmers then deliver their dome-shaped sugar blocks to the Green Warrior's office/warehouse, where they are paid cash on delivery. Aliet Green will then arrange for delivery to its facility at Imogiri, Bantul for further processing.

<sup>3</sup> [Non-sugar Sweeteners Market: Size, Share, Trends & Research Report \(bccresearch.com\)](https://www.bccresearch.com)

<sup>4</sup> [Global Coconut Sugar Sales Market – Industry Reports \(industryresearch.biz\)](https://www.industryresearch.biz)



The facility runs for 24 hours in 3 production shifts. A technical team is always on site to provide technical assistance if needed. There is an onsite lab as well, to continuously sample and test products before they are packed for shipment.

Aliet Green contracts with numerous forwarders to ship its finished goods off, and yet it hasn't been spared from the challenges in global forwarding introduced by the COVID-19 pandemic. "We have to wait for containers to come and take our goods away. There is a shortage of containers. Our warehouses are full," Lastiana said. "Buyers are willing to pay very high prices to ship our sugar. The highest quote I received was \$30K, almost the value of our container!" Aliet Green doesn't pay for shipping charges but has always tried to secure the most economical option for their buyers. In the previous extreme case of \$30K-to-ship-a-container, they managed to find one that would do it for \$21K. The stocks are moving, just more slowly than buyers and seller would like.

### Sales strategy

Aliet Green is the first coconut sugar facility to receive Grade A BRC Food Safety Standards, Fair trade, and gluten free certifications in Indonesia. This commitment to quality is Aliet Green's unique selling proposition and is reflected in its premium pricing. Aliet Green prides itself in having the flexibility and technical capability to develop products according to their customers' specific requirements—fine tuning product features such as moisture content and granule size to ensure that the product is best suited for the manufacturer's processes upon delivery. Despite the Covid-19 pandemic, Aliet Green recently landed Dr. Bronner's as a new client for their new chocolate line.



### 3 Aliet Green's brand of high quality is supported by these certifications

51% of Aliet Green's revenues come from one customer—Smirks USA Ltd. Ted was able to contact Donny Edson, Executive Vice President of Smirks USA Ltd. Smirks USA's key service is to bring the right ingredients to the right people. They import more than 100 products in bulk from 30 countries all over the world that they then re-sell to dozens of food manufacturers. Some notable customers of Smirks include Kellogg's, Simple Mills, and Purely Elizabeth. Smirks has been buying from Aliet Green since 2014, and confidently refers its customers directly to Aliet Green for quality verification trips, product requests, and the like. Donny assured us that they will continue to source from AG.

Aliet Green has in the past, also sold directly bigger brands such as Nutiva. Ted contacted John Roulac, the former CEO of Nutiva, who confirms that they had a pleasant customer experience from AG. Nutiva does not buy coconut sugar anymore as it isn't one of their focus products.

### Transaction Overview

Aliet Green is seeking a USD 350,000, 4-year term loan to invest in production equipment. This will effectively double the processing capacity of Aliet Green and will add much-needed breathing room given how they have been operating 3 shifts, 24 hours to meet customer demands. This investment will also reduce downtime from cleaning to shift between gluten and non-gluten free products.

Aliet Green has already made a 25% down payment to its equipment supplier. Beneficial Returns will pay the balance upon installation and commissioning on site. The equipment is currently being assembled by its supplier. Further

design fine tuning and parts importation caused some delays, but they expect the equipment to be installed by December 2021. The equipment has a cost of USD 388,000 and will be used as collateral for the loan. Furthermore, a personal guaranty of collection, where Beneficial Returns must exhaust all commercially reasonable efforts for repayment before calling upon this guaranty, has been offered by Lastiana Yuliandari. The loan will be documented by Hogan Lovells (Jakarta office) on a pro-bono basis.



4 Aliet Green facility in Yogyakarta, Indonesia

**Financial overview**

We assess Aliet Green’s credit standing to be moderately high with a score of 22 out of 28 (See Appendix 2: Aliet Green Credit Assessment) given its long history of profitability and stability. Furthermore, the owner’s prudence is evidenced by the strong balance sheet and the fact that they funded Aliet Green’s expansion exclusively from internally generated funds.

- In 2020, despite the COVID19 pandemic, Aliet Green grew by more than 50% vs. the prior year. They are poised to keep growing in 2021, with YTD August revenues on track to meeting 33% growth over 2020. Aliet Green delivers this at a stable gross profit and operating margin. These margins are expected to improve with the increase in production as they spread overheads.

Figure 5 Aliet Green Income Statement, 2017-2021E

PnL in USD k	2017	2018	2019	2020	2021E	2022E
Revenue	1,673.9	2,881.1	3,144.5	4,967.1	6,594.5	13,133.9
Cost of Sales	-1,044.3	-1,685.6	-1,884.0	-2,848.2	-3,887.1	-7,355.0
Gross Profit	629.6	1,195.5	1,260.5	2,118.9	2,707.4	5,778.9
Overhead costs	-407.1	-609.9	-699.4	-935.4	-1,173.2	-2,489.4
Net Profit	222.5	585.6	561.0	1,183.5	1,534.2	3,289.5
EBITDA	239.0	542.5	496.3	1,075.0	1,822.8	3,808.8
<b>Financial performance metrics</b>						
Annual revenue growth rate		72%	9%	58%	33%	99%
Gross profit margin	38%	41%	40%	43%	41%	44%
Net profit margin	13%	20%	18%	24%	23%	25%

- Aliet Green has a strong financial position, with most of its capital derived from paid-in-capital or loans from shareholders. They do not carry external debt.

Figure 6 Aliet Green Balance Sheet 2017 - June 2021

in USDk	2017	2018	2019	2020	2021 June
Cash	69.0	275.5	242.9	750.7	930.3
Receivables	116.4	314.6	517.7	604.4	924.4
Inventory	70.4	191.8	137.4	117.6	192.0
Other current assets	19.4	32.9	23.7	51.1	41.8
<b>Current assets</b>	<b>275.2</b>	<b>814.8</b>	<b>921.8</b>	<b>1,523.8</b>	<b>2,088.4</b>
<b>Current liabilities</b>	<b>218.2</b>	<b>337.1</b>	<b>88.5</b>	<b>397.6</b>	<b>574.0</b>
<b>Working Capital</b>	<b>57.0</b>	<b>477.8</b>	<b>833.2</b>	<b>1,126.2</b>	<b>1,514.4</b>
Total assets	756.2	1,307.2	1,476.1	2,078.8	2,745.3
Total liabilities	220.0	337.1	629.1	776.9	761.7
Shareholders' equity	536.2	970.1	847.0	1,301.9	1,983.6
<b>Financial position metrics</b>					
Debt-to-Equity (D/E)	0.41x	0.35x	0.74x	0.60x	0.38x
Current Ratio	1.26x	2.42x	10.41x	3.83x	3.64x
DSO	25	40	60	44	50
DIO	25	42	27	15	18
DPO	76	73	17	51	25

- We identified three drivers key to Aliet Green meeting its repayment obligations to Beneficial Returns, namely: revenues, cost of goods sold and day sales outstanding. We stress tested the financials in the next five years, and even with practically no growth, Aliet Green can comfortably service its debt obligations and maintain stable cash levels. Using 2020 EBITDA, debt service coverage ratio, or the ratio of EBITDA vs debt servicing payments, is at 11.4x.

Figure 7 Forecast sensitivity analyses

Parameters	Base projections	Cash breakeven	Margin of safety
Revenue annual growth rate (2021 - 2026)	31.9%	2.6%	91.8%
COGS as a % of revenues	51.5%	75.4%	46.5%
Day sales outstanding	43	159	3.71x

Each parameter was tested separately. Operating expenses were held constant across scenarios.

Major risks and mitigating factors

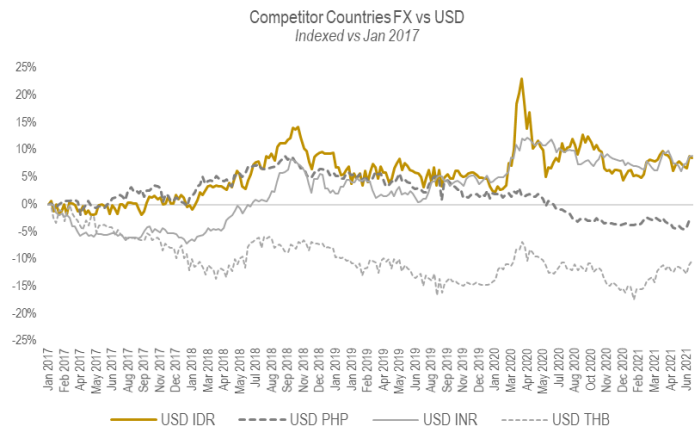
Risk	Risk factor	Probability	Risk mitigating factor
	Key woman risk	Moderate	<ul style="list-style-type: none"> <li>▪ Lastiana has developed a strong core team for all pillars of the business (finance, sales, production). She consults with this team for Aliet Green’s strategy and execution.</li> </ul>
Aliet Green is unable to sustain its	Failure to realize projected revenues	Low	<ul style="list-style-type: none"> <li>▪ Aliet Green’s current capacity (in terms of production line and storage facilities) has in fact led them to turn down or deprioritize some customer orders.</li> </ul>

positive earnings trend

- Aliet Green recognizes that their dependence on one product commodity is a key risk. They are currently exploring expanding their product line to include vanilla.

Coconut sugar prices and foreign exchange risk Moderate

- Increasing local demand with a maturing coconut tree base in Indonesia could increase Aliet Green’s raw material costs. The Indonesian market saw a 4-fold increase from 2004 to 2017. Sensitivity analyses show Aliet Green can absorb an increase of up to 1.4x vs current prices before needing to pass on the costs to its consumers.
- The Indonesian rupiah has been stable in the last 5 years. The lowest exchange rate vs the dollar was 8.6% lower (USD 1: IDR 13,052) than the 2021 average (USD 1: IDR 14,282). It has moved in line with the Indian rupee, another major exporter of coconut sugar. The Philippine peso and Thai baht have been lagging its competitors.



Aliet Green is unable to continue manufacturing operations

Inability to procure sufficient raw materials Moderate

- Aliet Green is already gearing up for next year’s increased demand and has onboarded an additional 547 farmers as of October 2021, the farmers are awaiting an external audit in December 2021.
- Declining productivity of old trees is a key risk for a lot of coconut farmers. Aliet Green is guarding against this by cultivating dwarf coconut trees at their nursery for distribution to their partner farmers. This also reduces the climbing hazard and expands the impact of Aliet Green as more farmers, including women and older farmers can easily harvest from these species.



	Business interruptions from the coronavirus pandemic	Moderate	<ul style="list-style-type: none"> <li>Exporters have been significantly hit by supply chain delays; the shortage of containers has congested Aliet Green’s supply chain. They are currently working with several freight forwarders to mitigate this risk. Its planned warehouse expansion will also increase its storage capacity to ensure that Aliet Green can continuously accept products from its farmer suppliers.</li> <li>Aliet Green is protected from the shocks of increased freight costs as customers pay for the ocean freight. Goods are priced FOB Semarang Indonesia.</li> </ul>																				
Aliet Green is unable to meet its payment obligations to BR	Inability to generate cash from its operations	Low	<ul style="list-style-type: none"> <li>Aliet Green’s cash conversion cycle is stable. It maintains its favorable collection terms from its customers even considering its significant growth.</li> </ul> <table border="1" data-bbox="868 758 1437 926"> <thead> <tr> <th></th> <th>2018</th> <th>2019</th> <th>2020</th> <th>2021 June</th> </tr> </thead> <tbody> <tr> <td>Days receivable</td> <td>40</td> <td>60</td> <td>44</td> <td>50</td> </tr> <tr> <td>Days inventory</td> <td>42</td> <td>27</td> <td>15</td> <td>18</td> </tr> <tr> <td>Days payable</td> <td>73</td> <td>17</td> <td>51</td> <td>25</td> </tr> </tbody> </table>		2018	2019	2020	2021 June	Days receivable	40	60	44	50	Days inventory	42	27	15	18	Days payable	73	17	51	25
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Inability to realize higher revenues due to delayed equipment delivery	Low	<ul style="list-style-type: none"> <li>BR will only fund upon confirmation that the new production line is operational and doing so to Aliet Green’s satisfaction.</li> </ul>																					

**Conclusion**

We recommend approving the loan of \$350,000 to Aliet Green. The company acts as a direct linkage between producing communities and global value chains, which has allowed it to lift farmer incomes. It has done this not only by rendering layers of middlemen obsolete, putting more into farmer pockets, but also by obtaining certification that commands a premium. Our loan will permit Aliet Green to grow and, by extension, help more farmers earn a solid income.

As stewards of the planet’s carbon sinks, it is critical that financial benefits trickle down to farming families if we are to stay and in time reverse the effects of climate change. A beneficial exchange such as is happening through Aliet Green in Kulon Progo encourages good stewardship of forested land.

The trend of growth Aliet Green has demonstrated is the evidence of sound leadership within a growing industry. With proceeds from the loan, the company can further improve its margins by reaping economies of scale, adding to a firm financial position. Having the new equipment and Lastiana’s personal guaranty as security mitigates the “key woman” risk.

Appendix 1: Aliet Green Impact Assessment

Impact score: 25 out of 28

Prospective borrowers are rated with 1 point for Low, 2 points for Moderately Low, 3 points for Moderately High, and 4 points for High. Minimum score of 20 for approval.

	Low	Moderately		High	Score
		Low	High		
<b>1 SCALE</b> Is the social enterprise addressing a major social or environmental problem and do they have the capacity to make a measurable, positive difference themselves or by influencing others?				✓	4
<b>2 SYSTEMIC CHANGE</b> Is the social enterprise focused on systemic change? In other words, would the impact continue even if the social enterprise went out of business?			✓		3
<b>3 SUSTAINABILITY</b> Does the social enterprise have a business model that is or has a strong likelihood of being sustainable? This may include a portion of philanthropic revenue provided that is sustainable.				✓	4
<b>4 STAKEHOLDER ENGAGEMENT</b> Does the social enterprise engage all stakeholders in their work? Is the social enterprise building local, human resources? Does it actively share its insights with others? Are indigenous communities involved?				✓	4
<b>5 RIGOR</b> How does the social enterprise measure its own impact and how well is it doing against these metrics?			✓		3
<b>6 EFFICIENCY</b> Are the social enterprise’s impact outcomes cost efficient vs. other interventions? If not, is it likely that they will become so as the social enterprise grows?				✓	4
<b>7 INTENTION</b> How committed to its social or environmental mission is the social enterprise?			✓		3
<b>TOTAL</b>					25

**Appendix 2: Aliet Green Credit Assessment**
**Credit score: 22 out of 28**

Prospective borrowers are rated with 1 point for Low, 2 points for Moderately Low, 3 points for Moderately High, and 4 points for High. Minimum score of 20 for approval.

	Low	Moderately		High	Score
		Low	High		
<b>1 BELIEF IN MANAGEMENT</b> Does the social enterprise have a strong management team (extensive industry experience, strong leadership and entrepreneurial background)? Is the governance structure adequate?		✓			2
<b>2 ACCOMMODATIVE BUSINESS ENVIRONMENT</b> Is the social enterprise operating in an industry with low level of competition? Does the social enterprise provide products or services that have low threat of substitution?				✓	3
<b>3 QUALITY OF FINANCIAL INFORMATION</b> Can the financial information provided be depended on? Has its financial statements been audited?		✓			2
<b>4 ABILITY TO BE PROFITABLE</b> Does the social enterprise have a positive earnings trend? Are the earnings sustainable?				✓	4
<b>5 STRENGTH OF FINANCIAL POSITION</b> Does the social enterprise maintain adequate financial ratios (DSCR, Debt-to-equity, Current ratio) to support a debt obligation?				✓	4
<b>6 ABILITY TO SERVICE DEBT</b> Does the social enterprise have the ability to establish a strong cash position to meet its debt obligations on time?				✓	4
<b>7 COLLATERAL OR GUARANTEES</b> Is there collateral for the loan with an adequate loan-to-value amount? Is there a guarantor for the loan?				✓	3
<b>TOTAL</b>					22