



---

# **I&P Afrique Entrepreneurs 1**

**ANNUAL ESG AND IMPACT REPORT**

**MARCH 2019**

## EDITO

As one of the pioneers of impact investing, I&P was among the first adopters of the Operating Principles for Impact Management launched in early 2019 under the leadership of the International Finance Corporation. With more and more impact players entering the market, these Operating Principles define good practices and will be key to sharing a common vision for impact investing and to extending our reach into the future.

At I&P, we respect the vision and values of the entrepreneurs we work with during our collaboration. As we enter a massive phase of disinvestment for IPAE1, we wish to reassess our commitment towards high ESG performance, including in the exit process. As an impact investor with a minority shareholding, Investisseurs & Partenaires targets exit options that are aligned with the impact strategy implemented for each company. The two recent exits from CONERGIES and Delta Irrigation performed in January 2019 illustrate this point as the progress made on the environment and employee well-being will be pursued.

**Jean-Michel SEVERINO**  
CEO



## SUMMARY

### IMPACT THESIS AND METHODOLOGY

### IMPACT MANAGEMENT IN 2018

- 1 PORTFOLIO OVERVIEW
- 2 IMPLEMENTING ESG ACTION PLANS
- 3 MEASURING IMPACTS ON LOCAL STAKEHOLDERS
- 4 ENHANCING OUTREACH & IMPACT WITH ADVOCACY



IOT © Joan Bardeletti

# IPAE 1 - ESG & IMPACT REPORT

## IMPACT THESIS AND METHODOLOGY

### IMPACT MANAGEMENT IN 2018

- 1 PORTFOLIO OVERVIEW
- 2 IMPLEMENTING ESG ACTION PLANS
- 3 MEASURING IMPACTS ON LOCAL STAKEHOLDERS
- 4 ENHANCING OUTREACH & IMPACT WITH ADVOCACY

# MISSION

## Our commitment to development and growth of African economies

I&P was created to contribute to alleviating poverty in a unique and original way: through **promoting SMEs and start-ups in Africa**. The rationale is that small businesses are one of the key drivers of increased productivity and formal decent employment in African economies.

As documented again in IPAE's 2018/2019 report, formal SMEs pay taxes, which contribute to social expenditure and the provision of public services, which in turn strengthen the national social contract. Formal jobs also have significant benefits for employees, who can access lending, housing, health care and many other social and economic services that can dramatically improve their lives. Our report also demonstrates the magnitude of the impacts IPAE businesses have on their clients, who benefit from the goods and services our partner companies provide. They also directly influence their suppliers. In sectors like agribusiness, thousands of smallholder farmers are positively impacted by the SMEs IPAE supports. IPAE SMEs also help shape the financial sector through their relationship with banks and their shareholders. Through their boards and management, a new modern governance is being introduced into the African economy. The ESG support that IPAE provides to our partner companies helps maximize this whole range of impacts, such as employer-provided health care for employees and their families.

IPAE was born from the idea that equity investment, and technical support, can efficiently help entrepreneurs to grow their businesses from the earliest stages of their development. Our mission is to address the “missing middle”, these SMEs that do not have access to international investors and banks given their small size but whose financing needs are also too large to qualify for microfinance. We help move them into the formal financial economy of their country.

Additionality and sustainability are key concepts of IPAE. Not only do we operate in particularly vulnerable countries which are largely underserved by other investors, but, within these countries, we then target those SMEs that are suffering most from a lack of financing. IPAE is helping to develop an SME eco-system that would not have been possible without our funding. However, we are also deeply aware of the negative externalities generated by economic activity involved. This is why we support as often as possible businesses that provide environmental services. We also help reduce CO<sub>2</sub>, limit and manage waste, and combat biodiversity loss.



# PROMOTING AND GROWING AFRICAN SMEs

## A solution to many development challenges in Africa

### CREATE DECENT AND STABLE JOBS

- Formal SMEs are **pillars of job creation** in both developed and emerging countries.
- Jobs created offer **higher wages** than jobs in the informal sector (50% to 60% higher according to data from Ghana and Tanzania), are **more secure** and provide **access to training and social security**.
- In addition to a significant impact in income, the **regularity of formal wages** enables a family to plan for the future, save money and gain improved access to credit, housing and children's education.

### OFFER WELL-ABOVE-AVERAGE GROWTH POTENTIAL

- SMEs in Africa tend to suffer from low productivity and face high **barriers to growth**, but they can offer high growth potential when **properly financed and assisted**. The average turnover of IPAE companies since investment has increased by 15% per year, which is significantly higher than the average rate of economic growth in our countries of intervention.
- SMEs can also be socially and environmentally friendly, through their management and through their core business activity, which can contribute directly to social results and/or help restore the environment.

### SMEs

### BUILD AND STRENGTHEN THE LOCAL ECONOMIC FABRIC AND SOCIETY AS A WHOLE

- African entrepreneurs directly contribute to building a more dynamic and diverse African society with strengthened governance.
- They tend to obtain their **supplies locally**, more than multinationals, which rely on international networks. SMEs can also play a **structuring role in local sectors**, making an impact on their suppliers or distributors far beyond a simple ripple effect.
- Formal SMEs pay taxes, which contribute to social expenditure and the provision of public services (infrastructure, water, education...) which in turn strengthen the national social contract.

### IMPROVE ACCESS TO ESSENTIAL GOODS AND SERVICES FOR DOMESTIC MARKETS AND THE BOP

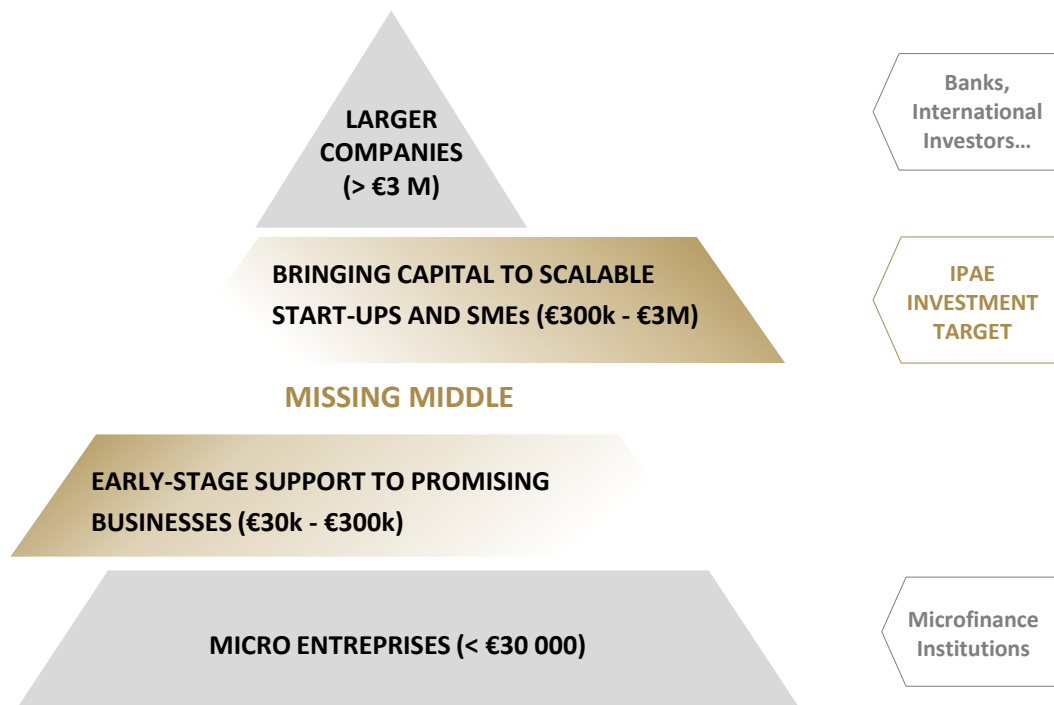
- In Africa, many useful products and services are either **unavailable locally or difficult to access**. African SMEs tend to be predominantly focused on **domestic markets**, filling these gaps.
- They meet a **great variety of local and essential needs**: water, healthcare, housing, education, energy, financial services.
- For basic needs, households at the **Bottom of the Pyramid (BOP)** remain the largest base of potential customers.

# ADDRESSING THE “MISSING MIDDLE” IN AFRICA

## Private equity: a proven response to growth needs of SMEs

- African SMEs suffer from very **limited access to the formal financial sector**: more than 40% of SMEs cite access to finance as the major factor limiting their growth<sup>1</sup>. This is referred to as the “missing middle” phenomenon.
- In most countries, **existing financial institutions are not equipped** to address the long term investment needs of SMEs, and the private equity industry mainly **focuses on large deals and corporations**.

### Financing the missing middle in Sub-Saharan Africa<sup>2</sup>



### Private equity: a new solution for African SMEs

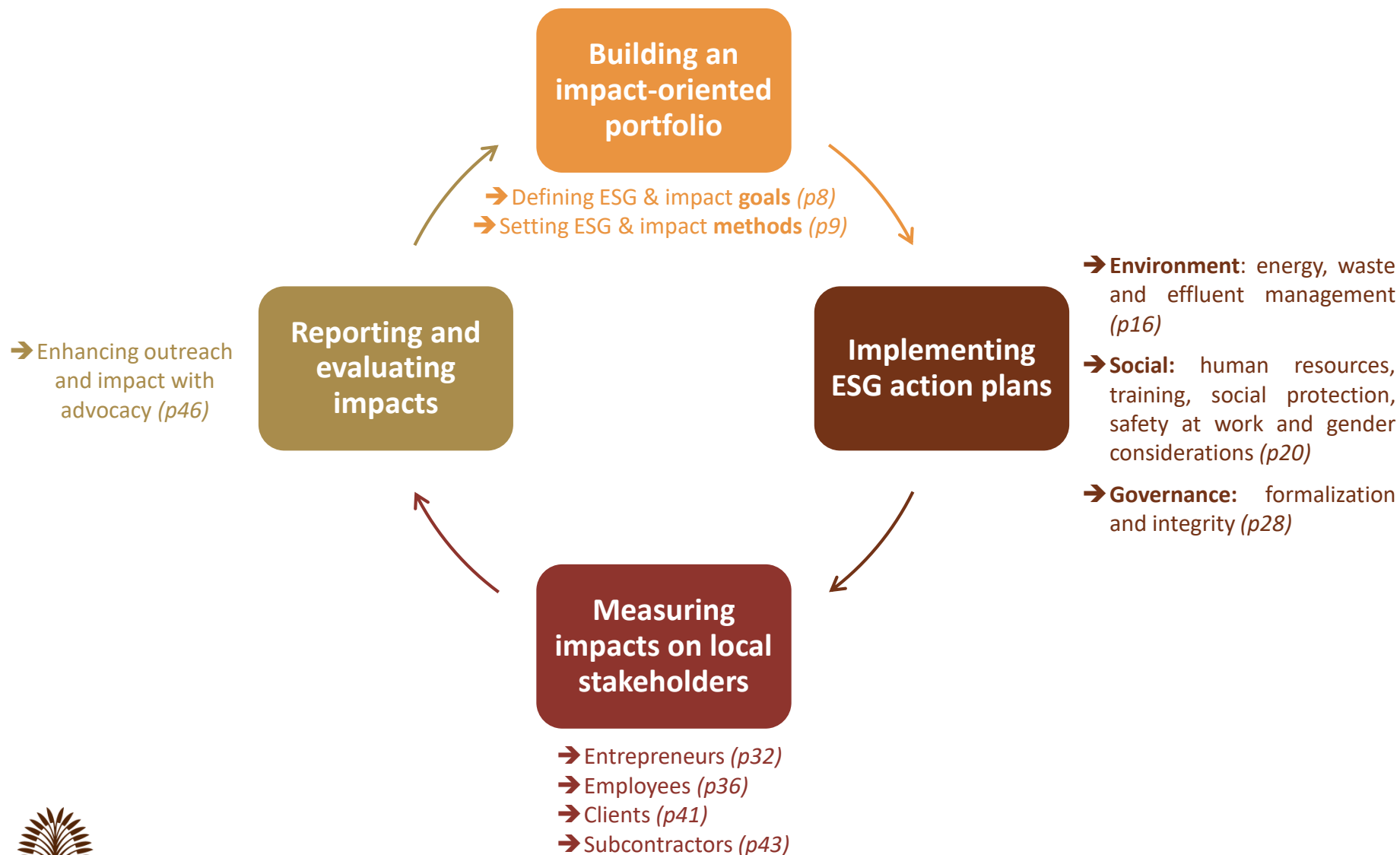
Equity investors such as IPAE can effectively meet most of the needs faced by African SMEs:

- ➊ **Personalized long-term risk finance**: private equity investors can provide long-term equity and quasi-equity finance, often without asset-based collateral
- ➋ **Accessing skills**: the investor provides individualized management support to the investees in various areas of expertise (strategy, accounting, financial management...)
- ➌ **Improving governance**: the investor structures the governance of the companies and improves management standards
- ➍ **Catalyzing effect**: the presence of an investor facilitates bank financing

<sup>1</sup> Enterprise Surveys, World Bank Group

<sup>2</sup> Lundin Foundation: “Resourcing The Missing Middle”

# I&P'S IMPACT MANAGEMENT WHEEL





# ESG AND IMPACT OVERARCHING OBJECTIVES

Four impact goals supported by strong ESG performance

FROM ESG  
TO IMPACT

## RISK MANAGEMENT

Understand and minimize Environmental Social and Governance (ESG) risks

## VALUE CREATION FOR THE INVESTEE COMPANY

Identify ESG opportunities and promote actions creating combined societal and economic value

## DEVELOPMENT IMPACT

Enhance positive impact to achieve broader development outcomes, especially on our four impact goals

### ENTREPRENEURS

Develop entrepreneurship by supporting African SMEs underserved by financing, particularly in the most fragile countries

### EMPLOYEES

Create decent jobs and training opportunities

### CLIENTS

Meet unsatisfied demand for goods and services and contribute to the SDGs

### SUBCONTRACTORS

Create business for local suppliers and distributors and strengthen/fortify the local economic fabric

while fostering environmentally friendly development

and integrating a gender lens perspective

## I&P'S MAIN CONTRIBUTION TO THE SDGs

1

NO  
POVERTY



5

GENDER  
EQUALITY



8

DECENT WORK AND  
ECONOMIC GROWTH



10

REDUCED  
INEQUALITIES



12

RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



13

CLIMATE  
ACTION



17

PARTNERSHIPS  
FOR THE GOALS





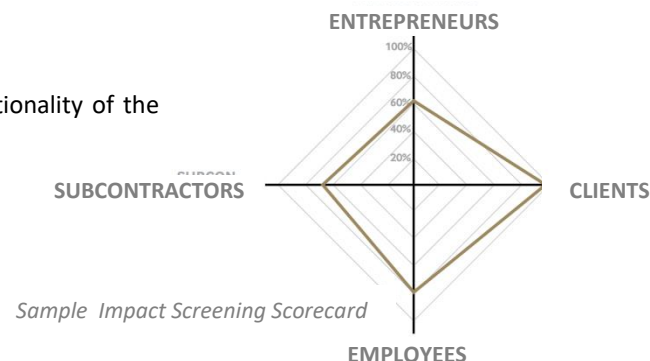
# IMPACT MANAGEMENT – PRE-INVESTMENT

## Screening investment projects on ESG & impact

### ASSESSING PROSPECTIVE IMPACTS

For each of its impact funds, the I&P team uses **Impact Screening Scorecards** to:

- **Screen investment projects** for alignment with the fund's core impact objectives for:
  - Impact on local entrepreneurship (entrepreneur nationality and location, additionality of the investment, etc.)
  - Impact on employees (creation of decent jobs)
  - Impact on clients (meeting of local and essential needs)
  - Impact on local suppliers and distributors
- Encourage gender empowerment and foster environmentally-friendly development
- Identify ways to **improve overall impact**

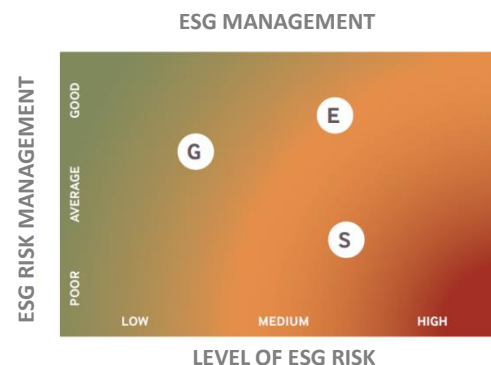


### EVALUATING ESG RISK AND ESG MANAGEMENT

The I&P team rates **ESG risk** (high, medium or low), as well as the **level of ESG management** (good, average or poor)

ESG risk rating categories are based on **international standards** (IFC, CDC)

*Sample ESG risk categorization matrix*



### CONDUCTING ESG RISK DUE DILIGENCE

Includes an **in-depth analysis of the following ESG-related matters as an integral part of the assessment:**

- **Social considerations** including, but not limited to, working conditions and human resources management, occupational health and safety, and impact on local communities
- **Environmental considerations**, such as water and waste management, carbon footprint and energy efficiency, impact on biodiversity, etc.
- **Governance-related considerations**, such as business integrity and corporate governance framework

# IMPACT MANAGEMENT – POST-INVESTMENT

## Impact and ESG monitoring during investment and exit

### IMPLEMENTING ESG ACTION PLANS TO GENERATE ECONOMIC AND SOCIETAL PERFORMANCE

- The investment team works with partner companies on **ESG actions** that generate economic value and are fully integrated into the company's operations.
- Partner companies legally undertake implementing and monitoring of these ESG action plans, and a contact person is appointed to oversee the process.
- **Bi-annual meetings** with the company's management team are set up to assess progress made and to update the action plan.

### MEASURING ESG & IMPACT RESULTS ANNUALLY



#### Annual Collection & Analysis of Impact Indicators

I&P measures investee company performance with an **in-house IM tool** based on IRIS metrics. Close to **one hundred indicators** are collected on a declarative basis and analyzed every year to assess partner companies' impacts on their local stakeholders:

#### ENTREPRENEURS

- Share of companies led by Africans and by women
- Age, level of education, years of experience, etc.

#### EMPLOYEES

- Job creation
- Job patterns (gender, wages, etc.)
- Employee training and other benefits

#### SUBCONTRACTORS

- Number and share of local suppliers and distributors
- Number of smallholders for agribusiness companies

#### CLIENTS

- Quantity of goods/services provided (company-specific metrics)
- Number of clients (company-specific)



#### 360° Impact Studies (available on I&P's website under "Resources")

Once a year, I&P conducts in-depth impact studies on one or two partner companies. A 4- to 5-members team conducts a field survey among local stakeholders to evaluate those company's impacts. Practical recommendations are provided, and followed-up on by the investment team. In 2018, two studies were published on the impacts of formal employment in Madagascar and Senegal. [\*\(See more on page 40\)\*](#)

### ENSURING GOOD IMPACT MANAGEMENT AFTER EXIT

- I&P selects buyers who **allow for the sustainability of the company's impacts and ensure good ESG practices**.
- Impact management issues are included in exit discussions with the selected purchaser(s) **and in legal documentation**.

# ESG METHODOLOGY – PRI ASSESSMENT

## Best in-class practices according to PRI assessment

### UN Principles for Responsible Investment Pilot Assessments



- International network of investors: implementation of **6 Principles for Responsible Investment**
- **Third assessment report** based on I&P's 2017 report to the PRI
- Based on three modules, on a scale from A+ to D: overarching approach, private equity and inclusive finance (for microfinance)

Module	STRATEGY AND GOVERNANCE	
TOTAL SCORE	29★ (out of a maximum 30★)	<ul style="list-style-type: none"> <li>▪ Excellent score, placing I&amp;P among the top performers of its category</li> <li>▪ To achieve the best score (30/30), increased disclosure of ESG commitments and third-party verification of the PRI annual report</li> </ul>
Band	A+ (median score of all respondents: B)	

Module	PRIVATE EQUITY	
TOTAL SCORE	28★ (out of a maximum 30★)	<ul style="list-style-type: none"> <li>▪ Very good assessment</li> <li>▪ Improvement potential: more <u>formal</u> sustainability policies within partner companies</li> </ul>
Band	A (median score of all respondents: B)	

Module	DIRECT – INCLUSIVE FINANCE	
TOTAL SCORE	48★ (out of a maximum 54★)	<ul style="list-style-type: none"> <li>▪ Improvement (from B to A) since 2014</li> <li>▪ As a result of an increased focus on client protection principles and social performance management</li> </ul>
Band	A (median score of all respondents: B)	



# IPAE 1 - ESG & IMPACT REPORT

## IMPACT THESIS AND METHODOLOGY

## IMPACT MANAGEMENT IN 2018

- 1 PORTFOLIO OVERVIEW
- 2 IMPLEMENTING ESG ACTION PLANS
- 3 MEASURING IMPACTS ON LOCAL STAKEHOLDERS
- 4 ENHANCING OUTREACH & IMPACT WITH ADVOCACY

# OVERVIEW OF IPAE 1 PORTFOLIO

PORTFOLIO

## WESTERN AFRICA

15  
investments

### Benin

- TINCY Boulangerie (*Nutrition & Agribusiness*)

### Burkina Faso

- ACEP Burkina (*Microfinance*)
- Bakou Logistics (*Transport*)

### Cote d'Ivoire

- CONERGIES Group (*Construction & Equipment*) – Branch in Mali
- Enval Laboratoire (*B to B Products & Services*)
- Pharmivoire Nouvelle (*Health*)

### Ghana

- Eden Tree (*Nutrition & Agribusiness*)
- PEG (*Renewable Energy*) – Branches in Cote d'Ivoire and Senegal
- VRS (*Transport*) – Branches in Cote d'Ivoire and Senegal

### Mali

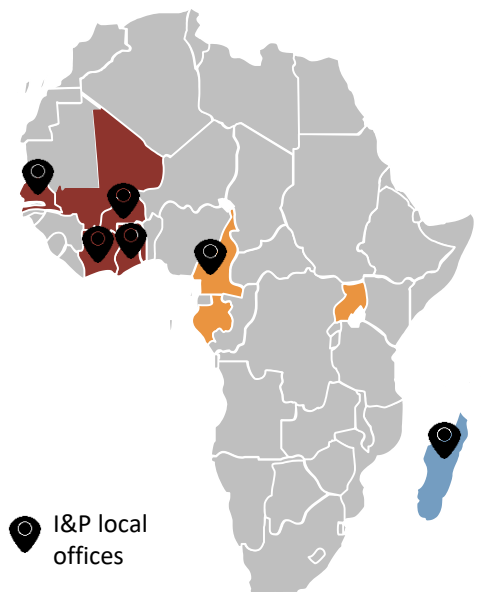
- Carrières et Chaux du Mali, CCM (*B to B Products & Services*)
- Société Malienne de Blanchisserie, SMB (*B to B Products & Services*)

### Senegal

- Delta Irrigation (*Construction & Equipment*) – Branch in Côte d'Ivoire
- NEST FOR ALL (*Health*)
- Neurotech (*IT*)
- SOFAMAC (*Construction & Equipment*)

80%

of companies operating in Least Developed Countries or Fragile Countries



## PAN-AFRICAN

3  
investments

- Africa Radio (*Education & Media*)\*
- Enko Education (*Education & Media*)
- Barajii (*Nutrition & Agribusiness*)

## CENTRAL AFRICA

5  
investments

### Cameroon

- Carrières du Moundou (*Construction & Equipment*)\*
- ITG Store (*IT*)

### Democratic Republic of Congo

- OXUS DRC (*Microfinance*)\*

### Gabon

- TRIANON (*Construction & Equipment*)

### Uganda

- Finance Trust Bank, FTB (*Microfinance*)

## INDIAN OCEAN

6  
investments

### Comoros

- Banque des Comores, BDC (*Microfinance*)

### Madagascar

- ACEP Madagascar (*Microfinance*)
- IOT (*Nutrition & Agribusiness*)\*
- PDS (*Nutrition & Agribusiness*)
- SCRIMAD (*Nutrition & Agribusiness*)
- Ultramaille (*Other Industry*)

\* For the impact assessment, we consider 25 SMEs only (out of 29 investments), as Africa Radio's business has not yet launched. We no longer consider IOT, Oxus and CDM since IPAE has mostly or fully exited from these companies.

# VARIOUS COUNTRIES AND SECTORS

Madagascar	17%
Senegal	14%
Côte d'Ivoire	10%
Ghana	10%
Pan-African	10%
Mali	7%
Cameroon	7%
Burkina Faso	7%
Benin	3%
Gabon	3%
Uganda	3%
Comoros	3%
Democratic Republic of Congo	3%

**12**  
different  
countries

C  
O  
U  
N  
T  
R  
Y

Since its creation in 2012, IPAE has invested in **29 companies located in 12 different African countries** and operating in a great variety of sectors.

To foster Sub-Saharan SME development, IPAE finances **small to medium-size businesses** that are mostly at an early or expansion stage.

S  
E  
C  
T  
O  
R

**10**  
different  
sectors

Nutrition & Agribusiness	21%
Construction & Equipment	17%
Microfinance	17%
B to B Products & Services	10%
Health	7%
IT	7%
Transport	7%
Education & Media	7%
Renewable Energy	3%
Other Industry	3%

Medium	38%
Small	38%
Very Small	23%

**61%**  
very small or  
small SMEs<sup>1</sup>

S  
I  
Z  
E

M  
A  
T  
U  
R  
I  
T  
Y

**27%**  
early stage  
companies

Expansion	73%
Early Stage	27%

<sup>1</sup> **Very Small SME** : Turnover < € 0.5M and Employees < 25  
**Small SME** : €0.5M < Turnover < €1.5M or 25 < Employees < 50  
**Medium SME** : €1.5M < Turnover < €4M and Employees > 50

*Note: The percentages in each category are calculated according to the number of companies and include all 29 IPAE investments.*





Barajji © Béchir Malum

# IPAE 1 - ESG & IMPACT REPORT

## IMPACT THESIS AND METHODOLOGY

## IMPACT MANAGEMENT IN 2018

### 1 PORTFOLIO OVERVIEW

### 2 IMPLEMENTING ESG ACTION PLANS

- Environment
- Social
- Governance

### 3 MEASURING IMPACTS ON LOCAL STAKEHOLDERS

### 4 ENHANCING OUTREACH & IMPACT WITH ADVOCACY



# CONTRIBUTION TO ENVIRONMENTAL CHALLENGES

## Addressing energy, waste and effluent issues



I&P is currently working on an internal climate policy that will summarize its commitment to engaging in climate-resilient economic growth in Africa through private finance and local entrepreneurship.

### PROMOTE ENVIRONMENTAL OPPORTUNITIES

**28%** of IPAE's partner companies provide products and services involving positive impacts on the environment.

**48%** of our partner companies **implement "green" projects\***, as part of their products and services or as a way to mitigate their environmental impact.



### FOCUS ON IPAE POSITIVE CONTRIBUTIONS

- Five IPAE companies provide **equipment and/or services with environmental benefits**:
  - Conergies - Energy-efficient cooling and AC systems
  - Delta Irrigation - Water-efficient irrigation systems
  - Enval - Air and water quality analysis
  - PEG - Solar systems for rural households
  - SOFAMAC - Clay bricks with high insulating properties
- **Aquaculture**: IOT (part of PDS Group) contributes to biodiversity in Madagascar by implementing an innovative sea cucumber breeding project that reintroduces natural stocks of sea cucumbers, which are overexploited, albeit very beneficial to local eco-systems.

### MITIGATE POTENTIAL NEGATIVE IMPACTS



#### REDUCING THE PORTFOLIO CARBON FOOTPRINT

##### OUR APPROACH

- At their modest scale, partner companies can play an active role in experiencing and sharing **new and replicable energy efficiency and renewable energy solutions**
- Ultimately, we aim at separating investees' economic growth from their carbon growth and setting an example

##### OUR ACTIONS

- We assess the **portfolio's carbon emissions** on a yearly basis to identify the main sources of reduction or offset
- We are implementing specific and systematic actions to **promote energy efficiency and renewable energy**



#### MANAGING WASTE AND EFFLUENT ISSUES

**60%** of our partner companies are faced with significant waste and/or effluent management issues.

**Environmental impact assessments** conducted by external experts include waste and effluent management specifications that are added to ESG action plans.

\* Significant actions with regard to renewable energy, energy efficiency projects, CO2 capture or offset, waste or effluent management, sustainable agro-business projects, etc.

# FOCUS ON ENERGY-RELATED MEASURES

## Update on energy-related actions



### OUR APPROACH

Our investees can play an active role in experiencing and sharing innovative and replicable energy-related solutions. For energy-consuming projects, energy screenings are now systematic but need to be carried out as early as possible in the investment process (to include specifications in the equipment list).



25%

of our partner companies are using renewable energy in their mix



PEG, Ghana

### MAIN ACHIEVEMENTS IN 2018



#### ENERGY EFFICIENCY

- **Pharmivoire:** Energy saving system for the boiler installed, operational since 2018 in the new pharmaceutical production unit
- **Conergies:** Energy efficient air conditioning now represents 100% of total air conditioning sales
- **Carrières et Chaux du Mali (CCM):** Plans in place to use sawdust as a fuel for quicklime production



#### RENEWABLE ENERGY

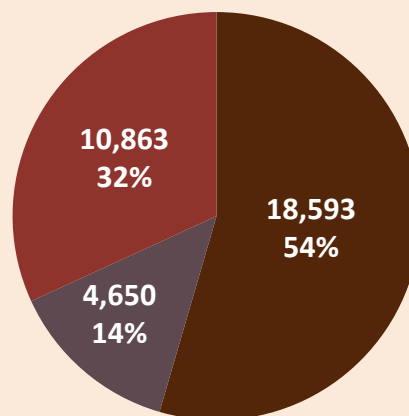
- **Ultramaille:** Installation of a hybrid system for energy optimization with solar power under study (estimated cost: EUR 150k)
- **Eden Tree:** Recent implementation of a solar PV system to reduce energy costs and carbon footprint
- **PEG:** Installation of 22,195 new solar kits for underserved rural households in 2018

# CARBON FOOTPRINT

## Portfolio carbon emissions by scope and category

### GHG EMISSIONS BY SCOPE IN 2018

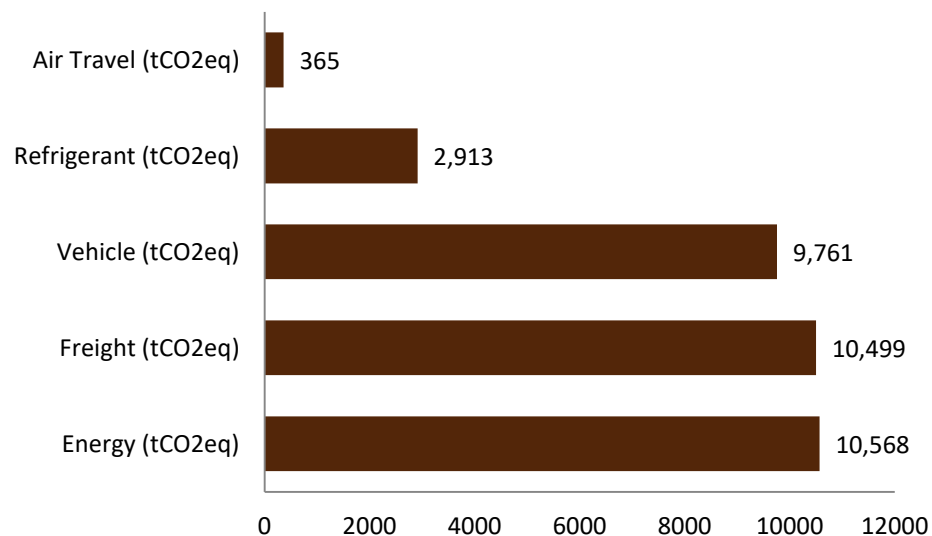
A **carbon footprint** is measured in **tons of carbon dioxide equivalent (tCO<sub>2</sub>e)**, which allows the different greenhouse gases (GHG) to be compared on a like-for-like basis relative to one unit of CO<sub>2</sub>.



**TOTAL: 34,106 tCO<sub>2</sub>e**

- Total GES Scope 1 Emissions due to the company's direct activity
- Total GES Scope 2 Indirect GHG emissions from consumption of purchased electricity, heat or steam
- Total GES Scope 3 Other indirect emissions (production of purchased materials and fuels, transport-related activities in vehicles not owned by the company, outsourced activities, etc.)

### 2018 GHG emissions by category



### LARGEST SOURCES OF EMISSIONS



**31% from energy:** Some companies need energy to run their plants (PDS, CCM, Pharmivoire, SCRIMAD) or for their offices.



**31% from freight:** Sea, air and road transport for equipment or goods.

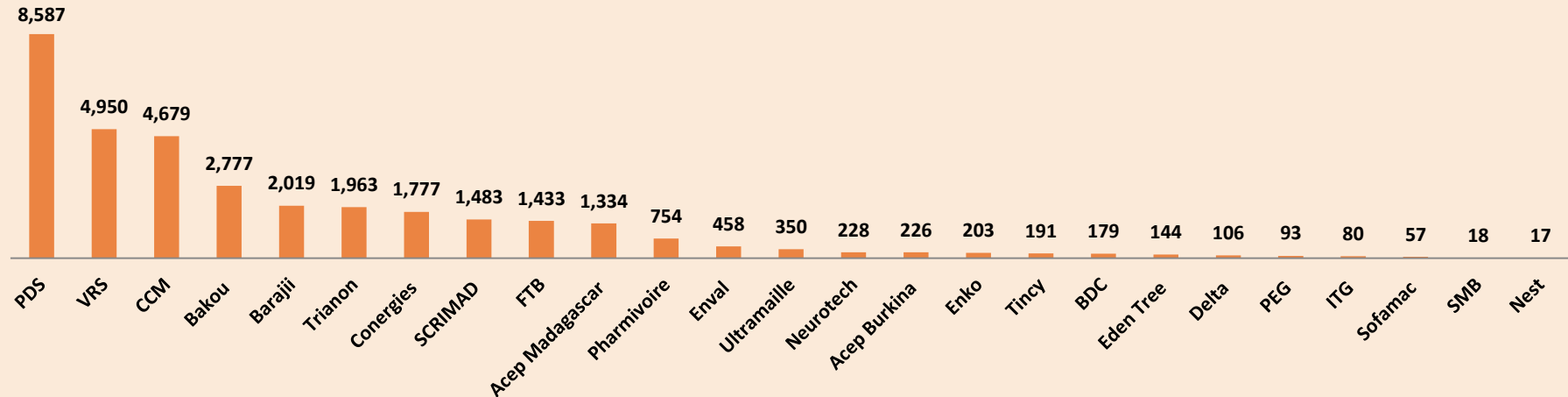


**29% from company vehicles:** About **70%** come from two transport companies (VRS and Bakou)

# CARBON FOOTPRINT

## Portfolio carbon emissions by company

### GHG EMISSIONS BY COMPANY IN 2017



### LARGEST EMITTERS

- Four companies represent the largest CO<sub>2</sub> emitters with nearly 62% of the portfolio's total emissions. Two are in manufacturing activities (PDS and CCM) for about 39% of total emissions and the other two are in vehicle and transport rental (VRS and Bakou) for about 23% of the portfolio's total emissions.
- The average CO<sub>2</sub> emission of companies is 1,364 tCO<sub>2</sub>eq and about two thirds of companies are below this threshold.
- Average emission level per employee is 0.14 tCO<sub>2</sub>eq at the portfolio scale (below the average level of CO<sub>2</sub> emissions per capita in Sub-Saharan Africa of 0.84 tCO<sub>2</sub>eq).

# PROMOTING TRACEABILITY AND BEST E&S STANDARDS

## Access to new certifications, skills and technologies



**45%** of companies incorporating new technology or knowledge transfer



**32%** of companies developing environmental, social or quality certifications

## Implementation of international standards to ensure traceability and good industrial practices

Industrial companies benefit from developing international safety and quality standards that are certified by recognized labels to ensure transparency and traceability on Environmental and Safety (E&S) and quality practices.

SCRIMAD	<ul style="list-style-type: none"> <li>Technical assistance mission conducted by a local NGO to engage producers in an <b>organic and fair trade labelling process</b> (20% of its producers are organic certified, plans to achieve 35% in 2019)</li> <li>Implementation of <b>HACCP processes</b> (with regular audits)</li> </ul>
Ultramaille	<ul style="list-style-type: none"> <li>Products certified by the <b>Global Organic Textile Standard</b>, an international inspection agency</li> <li>Plans to further develop its <b>CSR strategy</b> to turn it into a competitive strategic asset</li> </ul>
PDS	<ul style="list-style-type: none"> <li>Fishing activities are certified by the <b>Marine Stewardship Council (MSC)</b>, the widely respected international label that testifies to the sustainability of a company's fishing activities</li> </ul>
Pharmivoire	<ul style="list-style-type: none"> <li>Gradually implementing <b>Good Manufacturing Practices in their new production unit</b> to increase sales</li> </ul>
Eden Tree	<ul style="list-style-type: none"> <li>Implementing rigorous <b>HACCP processes</b> in the fruits and vegetables processing unit (control system that identifies where hazards might occur in the food production process)</li> </ul>

# PROMOTING SOCIAL STANDARDS IN MICROFINANCE

## Implementing the SPTF Universal Standards for Social Performance Management

### CUSTOMER PROTECTION PRINCIPLES

I&P and its Microfinance Institution (MFI) portfolio are signatories of the SMART campaign ([www.smartcampaign.org](http://www.smartcampaign.org)), which helps provide MFIs tools to prevent client over-indebtedness, ensures transparency about lending conditions, and facilitates implementation of consumer complaint mechanisms.

### SOCIAL PERFORMANCE MANAGEMENT

Our institutions have proactively implemented **social performance management (SPM)**, in line with the universal standards for inclusive finance: <https://sptf.info> They were supported by SPM experts (with a financial contribution from the technical assistance program).

## Social Performance Management at ACEP GROUP

In 2016 and 2017, an initial mission was conducted by CERISE and Aïda Gueye (SPM expert) to initiate SPM processes at ACEP Burkina and ACEP Madagascar (ALINUS assessments, appointment of SPM coordinators, SPM trainings and drafting of action plans).

In 2018, ACEP GROUP was committed to coordinating and further improving its social performance management system with technical assistance support, as described below.

### CORPORATE SOCIAL RESPONSIBILITY POLICY

ACEP is grouping its partner MFIs into a common holding structure and seeks to develop shared policies and approaches. The first ACEP seminar brought together ACEP's CEOs in June 2018. In close cooperation with the shareholders, the Corporate Social Responsibility policy of the group was reviewed by the CEOs and finalized by CERISE experts (technical assistance mission). This policy aims at reflecting ACEP's core values and strategic positioning with regard to social impact.

### WEBINARS

An SPM expert (Aïda Gueye) has facilitated a set of virtual workshops ACEP SPM champions (technical assistance mission). These workshops were held in 2018 and were focused on lessons learned around several key SPM issues (impact metrics, complaint mechanisms, client surveys, ethical charter, environmental policy). Updated ALINUS assessments are currently being conducted in ACEP institutions.

# HUMAN RESOURCES & TRAINING

Moving towards improved and more formalized HR practices



**SDG 4.4**  
Promote lifelong learning opportunities

**76%**

of companies held at  
least one training in 2018

**€450K**

training budget in 2018  
(2,7% of the involved companies'  
payroll)

**1,400**

employees  
trained in 2018

Almost two-thirds of our partner companies have formal human resources management structures in place, and all are committed to further improving their practices.

**76%**

have staff in  
charge of HR

**64%**

have a formalized  
HR policy

**72%**

have a formalized  
salary grid

**56%**

provide or ease access  
to employee loans

**48%**

have staff  
representation systems

## HUMAN RESOURCES MANAGEMENT – 2018 TRAINING SESSION

**October 2018 I&P entrepreneurs' annual training seminar:** Organized in Abidjan, the 2018 session included one day focused on human resources management in an African context. This training was conducted by Agnès Tano (CIFIP), a renowned HR expert in Côte d'Ivoire with extensive experience working in many African countries. Agnès discussed some cultural barriers to good HR management and shared practical ways to overcome them, in a highly interactive course which was greatly appreciated by the participants (38 entrepreneurs supported by I&P impact funds).



# HEALTH INSURANCE & SOCIAL PROTECTION (1)

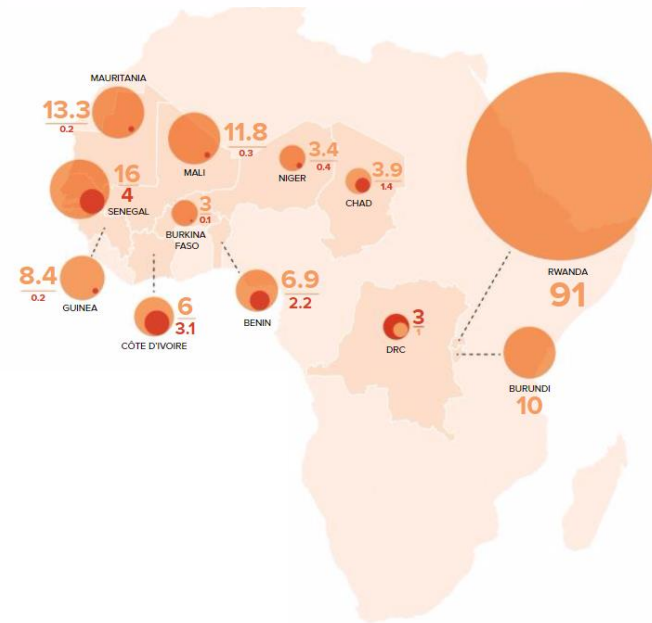
## Current performance of partner companies

### CURRENT SITUATION IN AFRICA

As indicated below, **health insurance coverage remains extremely low in Africa**, from 3% to 20% in West Africa

■ Mandatory insurance ■ Voluntary insurance

Source: data compiled from Preker and coll. (2010), Barroy and coll. (2015)



For more information on the African insurance sector, see PROPARCO's magazine *Private Sector & Development*: [https://issuu.com/objectif-developpement/docs/proparco\\_revuepsd\\_n25\\_uk/1?e=4503065/39027290](https://issuu.com/objectif-developpement/docs/proparco_revuepsd_n25_uk/1?e=4503065/39027290)

### CURRENT SITUATION IN PARTNER COMPANIES

Country	Context	Performance of partner companies	Improvements since investment
Senegal	Collective insurance scheme ("IPM") including health insurance	All 4 portfolio companies provide private health insurance	Implementation of the system in 3 companies
Burkina Faso	Basic system only covers work accidents	2 out of 3 companies provide a private or in-house health insurance system	Implementation of the system in 1 company
Cameroon	Basic system only covers work accidents	1 out of 2 companies provides private health insurance	No significant improvement
Madagascar	Basic system includes health insurance	All 4 portfolio companies provide health insurance and 2 provide additional services	Upgrades for 2 companies
Ghana	Basic system includes health insurance	All 3 portfolio companies provide basic health insurance	Upgrades for 3 companies
Côte d'Ivoire	Basic system only covers work accidents	All 3 portfolio companies provide private health insurance	Implementation of the system in 2 companies and process upgrade in 1 company
Other countries		2 companies provide in-house systems, 4 companies rely on the public system, 1 company provides private insurance	Implementation of the system in 2 companies

# HEALTH INSURANCE & SOCIAL PROTECTION (2)

## Main actions to date



SDG 3.8

Achieve universal health coverage

96%

of our companies  
provide health insurance

52%

have implemented or upgraded their  
system since IPAE's investment

### MAIN ACTIONS TO DATE

**In 2015**

Feasibility study was conducted on health insurance systems in partner companies and training provided during the annual entrepreneurs' seminar.

**In 2016  
and 2017**

A technical assistance contract was implemented **with a health insurance specialist**:

- Help companies implement/upgrade their health insurance systems
- Launch pilot initiatives at the portfolio level (share occupational physicians, define minimum health care benefits)

**In 2018**

The technical assistance contract ended due to increased unavailability of the health insurance expert. Projects in 2018 included:

- Implementation of a portfolio-wide study **to identify best practices & lessons learned** (25 respondents among portfolio companies). This study was shared with the entrepreneurs and presented during the 2018 entrepreneurs' annual seminar.
- **Current process to identify a new independent and qualified expert/consultancy company** to assist portfolio companies.



2,076

employees are covered  
by health insurance



For each employee, on average  
a second person benefits from  
this insurance



4,200

people (employees and family  
members) are covered  
by health insurance

# HEALTH & SAFETY AT WORK

## Production-related risks and road safety under close scrutiny



**SDG 8.8**  
**Promote safe and secure working environments**

**56%**

of our companies have implemented measures to **enhance safety at work** (formalized processes, employee training, etc.)



### MONITORING OF INDUSTRIAL AND SANITARY RISKS

- During the due diligence phase, impact assessments or technical audits are conducted for all projects involving significant risk
- Any serious incident is directly reported to our investors. In 2018, a shooting between a policeman and robbery suspects occurred in a partner company in Madagascar. Details about the incident have been sent to IPAE's investors
- Most ESG action plans include actions related to health and safety at work. In the wake of the first industrial accident in 2018, the project is launching **a technical assistance program** dedicated to occupational health and safety
  - Scope: all SMEs who have health and safety challenges
  - Objectives :
    - Assess current practices and define priority action items
    - Train entrepreneurs and employees on best practices
  - Timeline: Gradual implementation of the program, one country at a time



### ROAD SAFETY REMAINS A MAJOR HEALTH AND SAFETY RISK

- New partner companies receive I&P's **list of recommendations and best practices** to support implementation of road safety procedures
- The investment team regularly raises the road safety issue during board meetings and management meetings
- No road accidents recorded in 2018

# ADDRESSING THE GENDER GAP (1)

## Women's access to entrepreneurship and leadership positions



In June 2018, the G7 member DFIs launched the 2X Challenge to invest \$3 billion by 2020 to provide women in developing countries with opportunities. In order to do that, they have defined what can be considered as a gender lens investment.

**69%** of IPAE's portfolio companies satisfy 2X Challenge criteria

**67%** of those companies satisfy at least two criteria

[Read more about the 2X Challenge and its criteria](#)



**SDG 5.5**

**Ensure women's full participation in leadership**

### REPRESENTATION OF WOMEN

#### AFRICA\*

**5%**  
of CEOs in Africa\*

#### IPAE PORTFOLIO

**16%**  
women-owned  
or led companies

**14%**  
of board members\*

**21%**  
of board members

**23%**  
of executive  
committee members\*

**28%**  
of senior  
leadership positions

(\*) Women Matter, Africa, Mc Kinsey & Company, 2016



### FOCUS ON MAIN FIELDS OF ACTION

On International Women's Day (March 8th), I&P took a step back to assess the progress made one year after the launch of its gender strategy, "[Opportunities to bridge the gender gap in African SMEs](#)". Beyond its achievements with entrepreneurs, clients and employees, I&P has been an active advocate for the promotion of women:

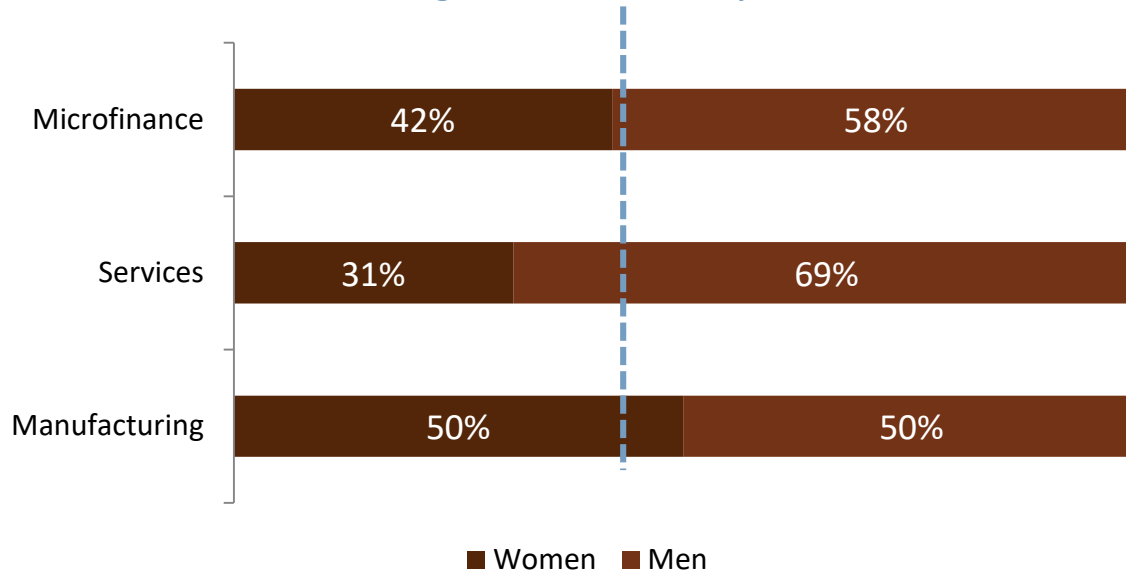
- A series of portraits of women entrepreneurs was realized and shared widely in 2018
- I&P participated actively in the Women in Africa and other events related to gender issues
- Raising awareness on the topic of women entrepreneurship is a key objective of our advocacy activities and ambition

# ADDRESSING THE GENDER GAP (2)

## Women's access to decent jobs and training opportunities

### Gender breakdown in IPAE portfolio by sector

Average # of women in IPAE portfolio = 43%



- The proportion of women among employees is fairly balanced, whatever the business sector, with an average of **43% of women employees** in our portfolio.
- This gender breakdown is in line with Mc Kinsey study benchmarks.



### KEYNOTE

Gender inequality is costing sub-Saharan Africa on average \$US95 billion a year – or 6% of the region's GDP – jeopardizing the continent's efforts for inclusive human development and economic growth. It is estimated that a 1% increase in gender inequality reduces a country's human development index by 0.75%.

Source: Africa Human Development Report 2016: Advancing Gender Equality and Women's Empowerment in Africa, UNDP



# FOSTERING GOOD GOVERNANCE (1)

Shared governance with a majority of boards, including independent(s)



## KEYNOTE

**Under the New Partnership for Africa's Development (NEPAD), African governments have committed to:**

- Implement regulations to foster economic activity, as well as subsidies when necessary
- Develop company responsibility towards Human Rights, society and the environment (Corporate Social Responsibility, CSR)
- Fair and equitable treatment of all stakeholders (shareholders, employees, society, suppliers, customers)
- Accountability of all companies and administrators, as well as mandatory disclosure of all relevant information
- Accounting and auditing procedures in line with national and international standards

*Source: 2011 African Development Report, African Development Bank*

## 1

## IMPLEMENTATION OF A SHARED GOVERNANCE

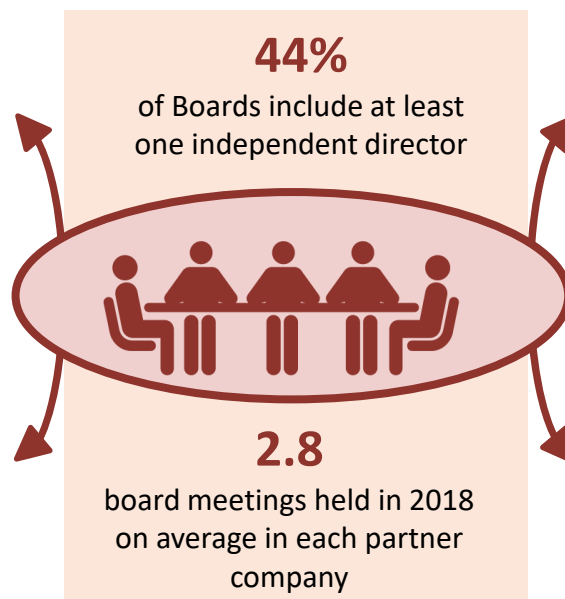
IPAE requires all partner companies to establish a Board of Directors. Board members include:

### Entrepreneur(s)

usually hold a majority stake and remain in charge of day-to-day operations. They are provided with strategic guidance, as well as additional skills and networks in a context of difficult access to talent and financing. This also improves the credibility of the business vis-à-vis external partners.

### One or two independent directors

are included when appropriate and possible, to bring additional expertise with an independent view. In situations of conflict, they can play a useful mediatory role.



### One or two IPAE members

on the investment or strategic advisors' teams, as part of I&P's commitment to providing close support to the entrepreneurs. With respect to ESG, they ensure that extra-financial considerations are regularly raised and discussed.

### Other minority shareholders

might be represented in some cases.

# FOSTERING GOOD GOVERNANCE (2)

## Transparent & reliable accounting and management practices

### 2

#### UPGRADING OF ACCOUNTING AND REPORTING PRACTICES

##### OUR CONTEXT

- IPAE invests in fast growing companies, which have an urgent need to strengthen their internal capacities to achieve sustainable growth.
- In particular, financial and accounting practices generally need to be upgraded to enable both management and shareholders to adequately track the company's performance.

12

companies with TA missions focused on management control and financial budgeting.

5

manuals for financial and accounting written.

10

companies with TA missions focused on management information systems.

##### OUR ACTIONS

##### Audited accounts

We require that annual accounts be audited by statutory auditors, to ensure reliable accounting practices that fully comply with fiscal obligations.

##### Training seminars

In 2017 and 2018, entrepreneur training seminars focused on middle management capacity building and financial management, respectively.

##### Technical assistance

Customized assistance is provided to several partner companies – see key figures on the right.

### 3

#### ZERO TOLERANCE POLICY OF FRAUD AND CORRUPTION

Good governance involves impeccable integrity at all levels of the company. No matter how complex the situation, I&P will not tolerate corruption or bad practices, even if it means giving up an investment or market opportunity for an investee company.



# CONTRIBUTION TO SME FORMALIZATION

## Ensuring full social and fiscal compliance



### KEYNOTE

In IPAE's countries of intervention, the **low level of mobilization of fiscal resources** is a key barrier to developing the most needed public services (infrastructure, water, education...). Tax revenues represent less than 20% of GDP in Africa (OCDE, 2015). Most companies remain informal to avoid paying taxes and salary charges. In West Africa, **informal employment accounts for 92.4% of total employment** in all sectors (ILO, 2018).



### SDG 17,1

Strengthened domestic resource mobilization

**€9.3 million**

in taxes paid to the local authorities in 2018



### FOCUS ON MAIN AREAS OF ACTION

- Some of our portfolio companies were partially informal (Tincy, SMB) or not fully compliant with labor laws (Pharmivoire) prior to investment. IPAE required each of them to undertake a formalization process as a condition for investment.
- Some companies have experienced waves of employee departures by employees who did not wish to formalize that have temporarily destabilized the commercial activity.
- In August 2018, a study was conducted in Senegal and Madagascar on a group of IPDEV2 and IPAE partner companies in order to capitalize on partner companies' experience and better understand the issues at stake, with two areas of focus:
  - **Key barriers to formalization for companies.**
  - **Socio-economic impacts for employees of a job contract** (higher wages, better job security, access to bank accounts, access to social benefits such as a pension plans, health insurance)

[Read more about the study](#)



# IPAE 1 - ESG & IMPACT REPORT

## IMPACT THESIS AND METHODOLOGY

## IMPACT MANAGEMENT IN 2018

- 1 PORTFOLIO OVERVIEW
- 2 IMPLEMENTING ESG ACTION PLANS
- 3 MEASURING IMPACTS ON LOCAL STAKEHOLDERS**
- 4 ENHANCING OUTREACH & IMPACT WITH ADVOCACY

# PROMOTING AFRICAN ENTREPRENEURS

Support of local entrepreneurs, even in the most fragile countries

## Gender-diverse entrepreneurs and managers with local roots



**76%** of our partner companies are led by Africans

**88%** of our partner entrepreneurs are based in Africa for the long term

**16%** owned or led by **African women**



Folly Koussawo,  
Trianon



Elisabeth Kacou,  
Pharmivoire

## Significant local and international experience



**51 years old** on average

**15 years** of **experience** in their sector

**90%** of the African CEOs have **studied abroad**

## A great majority operating in the poorest and most fragile countries



**84%**

of our partner entrepreneurs operating in Least Developed Countries and/or Fragile Countries



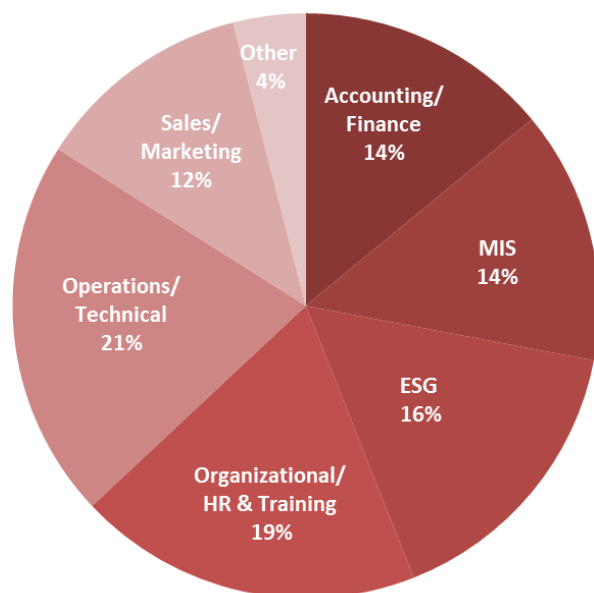
Mahéfa Randriamiarisoa,  
ACEP Madagascar

# SUPPORT FROM THE TECHNICAL ASSISTANCE PROGRAM

## CONTEXT

IPAE builds strong partnerships with its investee companies by providing them with both financing and managerial support. Given the lack of human and financial resources in Africa, IPAE's technical assistance (TA) program is critical to fostering capacity building, skills transfer and training in partner companies and is complementary to IPAE's general strategic and management mentoring. The TA program is funded by grants from the European Investment Bank and FISEA (€1.5) and co-finances a great variety of support missions being carried out by independent specialists.

## AREAS OF ACTION



## MAIN FIGURES

**106** missions have been conducted and 7 are still in progress



A total budget of **€1,149k** financed by EIB (€666k), FISEA (€274k) and investee companies (€209k)



**All our companies** have benefited from this program



**2,554 days** have been dedicated to TA missions



**80** different experts (**46%** of whom are African) have been assigned to TA missions

# SUPPORT FROM THE TECHNICAL ASSISTANCE PROGRAM

## Examples of missions led in various sectors



### BUSINESS DEVELOPMENT

Construction of a new production unit with high environmental and social standards at Pharmivoire (Cote d'Ivoire)

Number of beneficiary employees: 24

Number of people trained : 2

Deliverables and tools used by the company : 1



### SALES & MARKETING

Market study on competitive environment, strengths and weaknesses at Conergies Group (Cote d'Ivoire)

Number of beneficiary employees: 6

Number of people trained: 6

Deliverables and tools used by the company : 1



### OPERATIONS

Quality management mission contributing in Quality ISO 9001 V.2015 certification at Nest for All (Senegal)

Number of beneficiary employees: 18

Number of people trained: 12

Deliverables and tools used by the company : 6



### HUMAN RESOURCES

Human resources mission and creation of a middle management at Delta Irrigation (Senegal)

Number of beneficiary employees: 10

Number of people trained: 10

Deliverables and tools used by the company : 3



### ACCOUNTING & FINANCE

Capacity building of the accounting team at Eden Tree (Ghana)

Number of beneficiary employees: 70

Number of people trained: 59

Deliverables and tools used by the company: 10



### MANAGEMENT INFORMATION SYSTEMS

Implementation of a new MIS at Eden Tree (Ghana)

Number of beneficiary employees: 70

Number of people trained: 59

Deliverables and tools set up by the company: 10

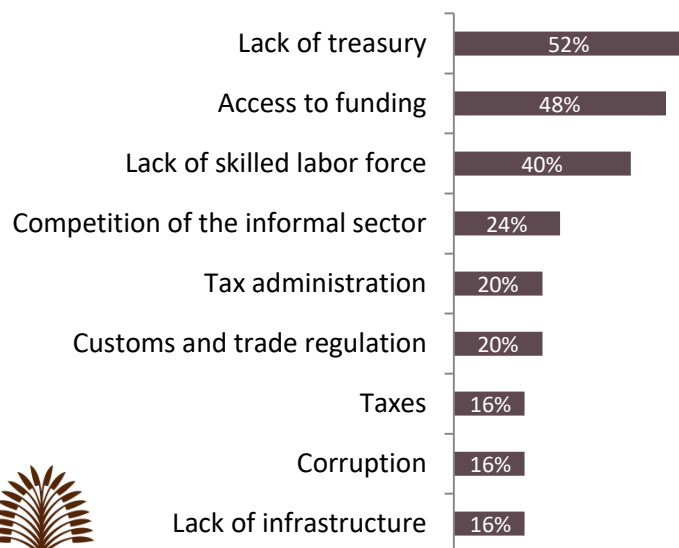
# SUPPORTING ENTREPRENEURS UNDERSERVED BY FINANCING

## STRONG ADDITIONALITY OF IPAE's INVESTMENT

**55%** of companies would not have been able to carry out their investment project without IPAE's funding

**96%** of companies would not have been able to carry out their investment project without IPAE's funding or would have done so at a smaller scale

### Main obstacles faced by our investee companies during their development process



## LEVERAGE EFFECT OF IPAE's INVESTMENT



### SDG 17.3

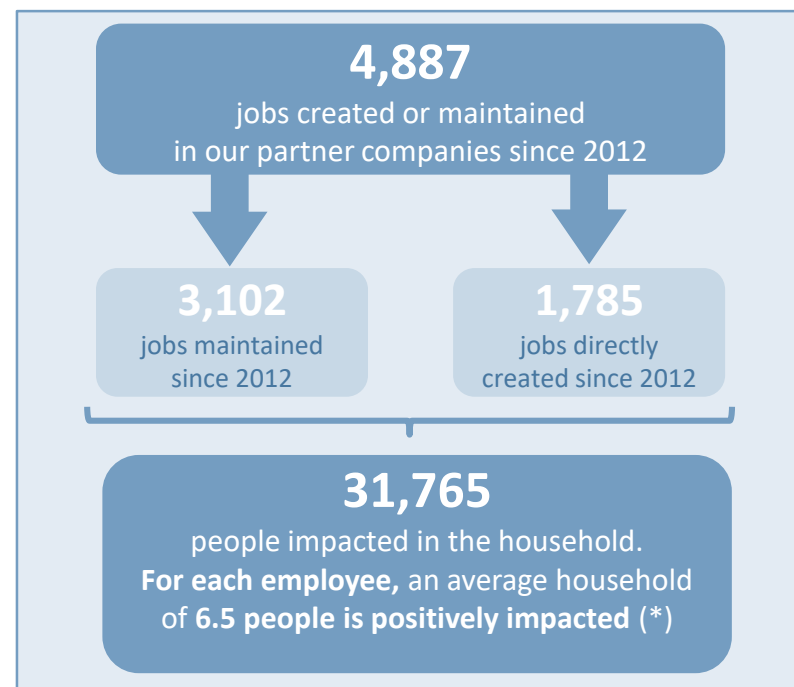
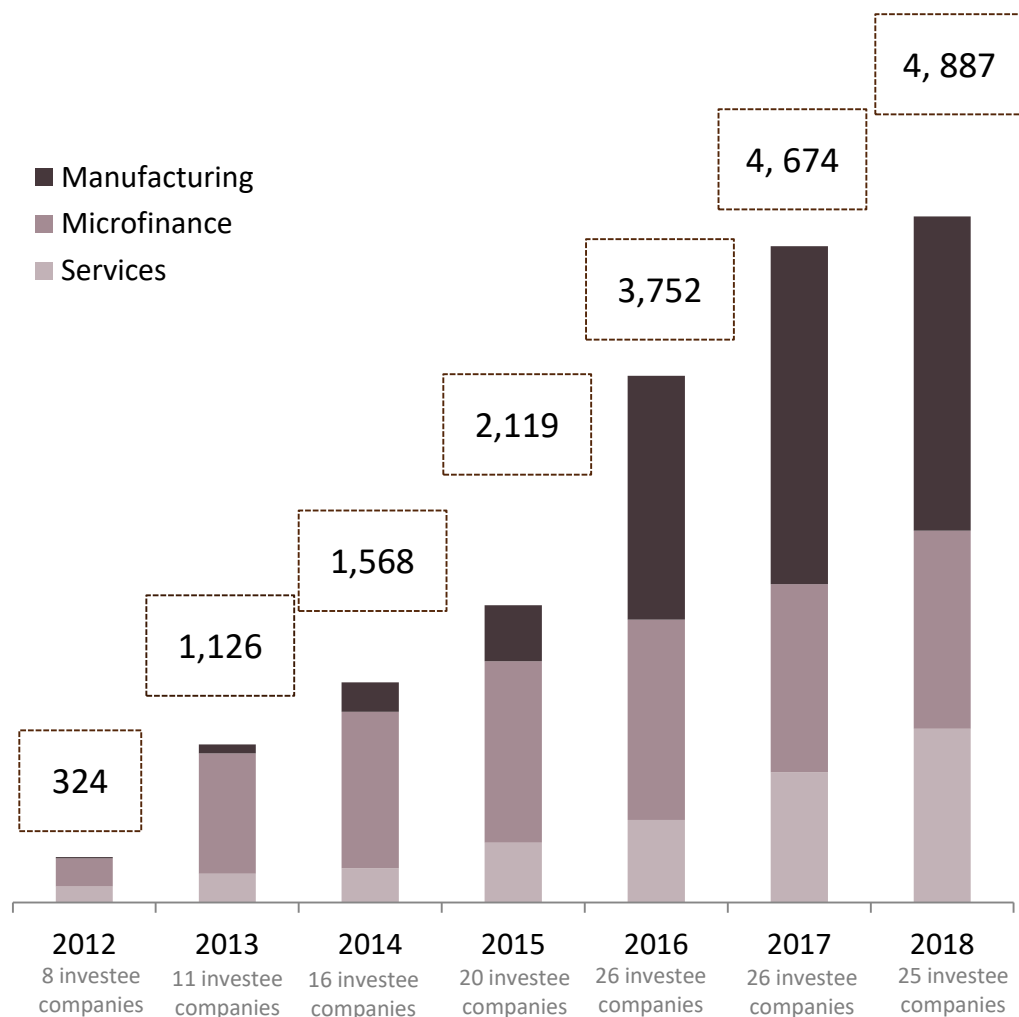
Mobilize additional financial resources

- SMEs face **significant difficulty securing external financing** from local commercial banks and other traditional financiers.
- **We assist our entrepreneurs in their negotiations with other local or international financial institutions** or by participating in the search for new shareholders, using our networks. The resulting leverage effect is of 60%.



(\*) This figure is computed by dividing the amount invested (equity and debt) by the amount invested by investors other than IPAE at the time of the initial investment by the amount of IPAE's investment (equity and debt).

# CREATING DECENT JOBS (1/2)



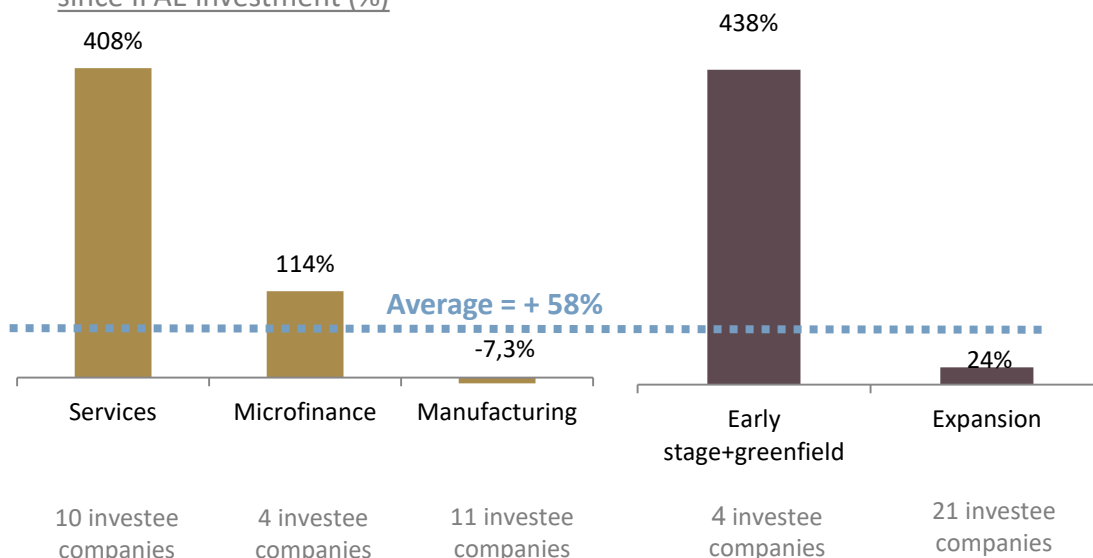
(\*) This figure is computed by multiplying the number of employees by the average household size in each country, based on GDL data available online: <https://globaldatalab.org/areadata/hhsize/>



# CREATING DECENT JOBS (2/2)

## 58% direct employment growth since IPAE's investment

Direct employment growth  
since IPAE investment (%)



15%

employment growth in  
private-equity backed  
companies in Africa over  
the investment period  
(AVCA, 2016)

58%

direct employment  
growth since IPAE's  
investment

- As expected, **microfinance is an important source of job creation.**
- Less well known is the equally important, and even greater, **job creation potential of service companies.** They are often very labour-intensive and their expansion often depends on the recruitment of additional human resources. Their strong job creation can also be explained by their initial development stage (more than half are start-ups).
- Manufacturing projects** mainly increase productivity, which can lead to job destruction that is partly compensated by the resulting growth.



### KEYNOTE

The McKinsey Global Institute states that 72 million new jobs are to be created in Africa by 2020, while 122 million people are expected to enter the job market over the same period.

Source: *Africa at Work: Job Creation and Inclusive Growth, 2012*



**SDG 8.6**

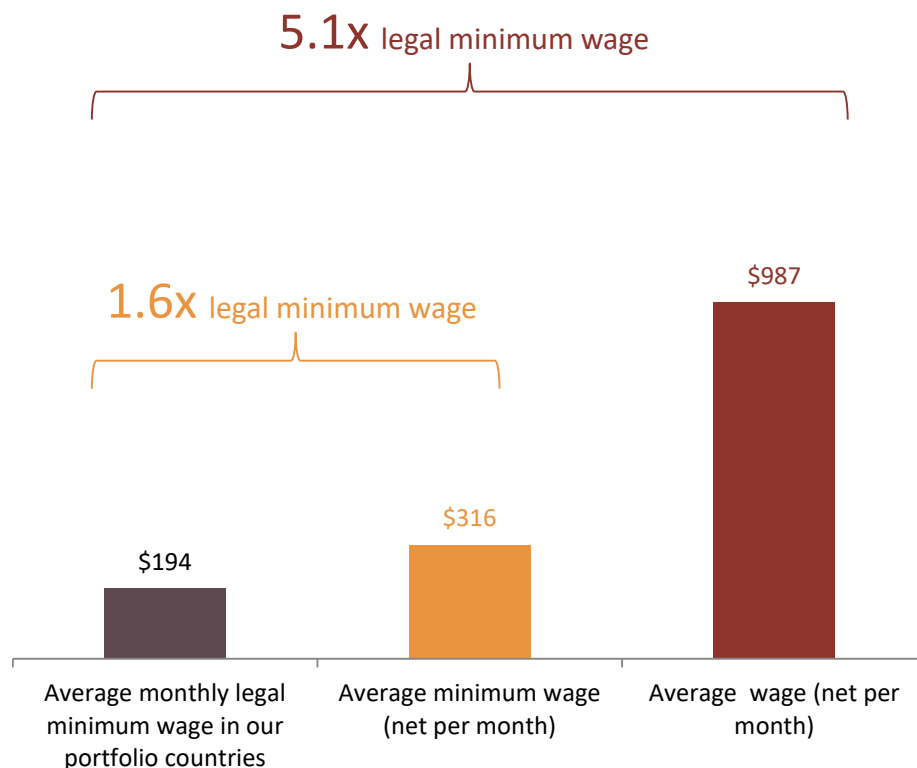
reduce the proportion of  
youth not in employment

**320**

young employees  
(under 25)

# LEVEL OF WAGES

Average minimum wage 63% higher than the legal minimum wage



We use the Purchasing Power Parity (PPP) conversion rate to control for the variable cost of living in various countries.

CEO wages are not taken into account in order to more accurately reflect the reality of salary levels

(\*) Bhorat H., Kanbur R. and Stanwix B. (2015). *Minimum Wages in Sub-Saharan Africa: A primer*. IZA DP No 9204.

**€81 million**

in payroll paid to employees since 2012

**€20 million**

in payroll paid to employees in 2018



**SDG 8.5**

Decent work for all

The average net monthly wage in portfolio companies is around **50% higher than the average wage in sub-Saharan Africa**.

**\$987**

average wage in portfolio companies



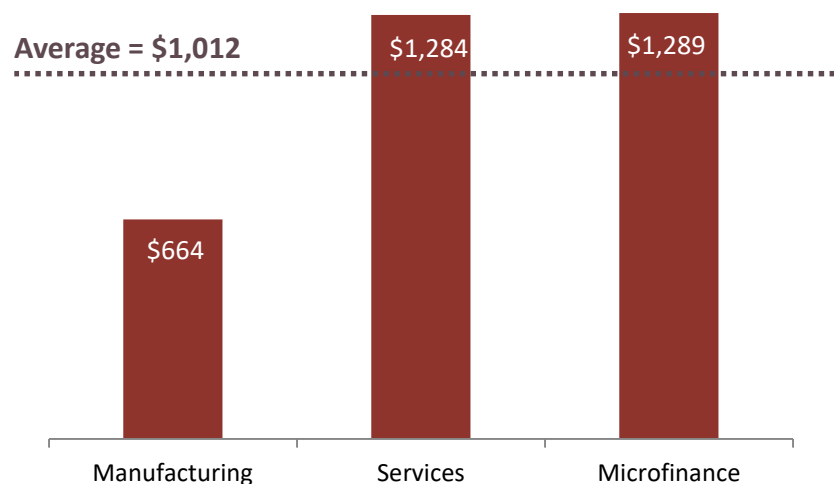
**\$657**

average wage in Sub-Saharan Africa (\*)

# WAGES AND QUALIFICATIONS

## 51% middle-skilled employees

Average monthly wage in our investee companies by sector (US\$, PPP)



Employment breakdown per qualification, per sector

■ High skilled

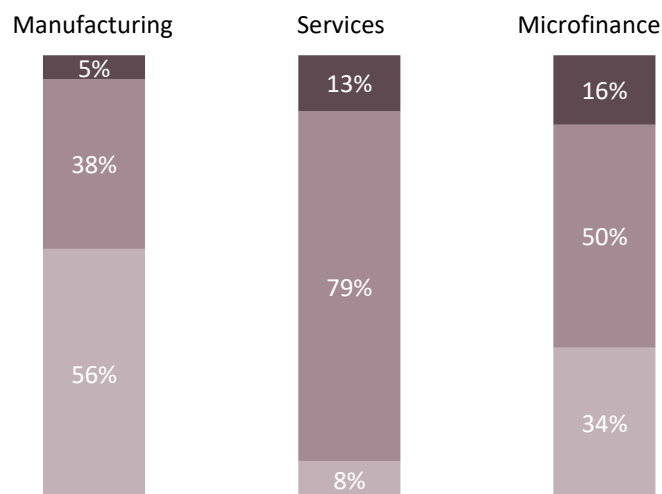
*Ex: management positions*

■ Middle skilled

*Ex: credit officers*

■ Low skilled

*Ex: maintenance technicians*



- Wages are higher in the services and microfinance sectors. This can be partially explained by the high proportion of skilled jobs in these sectors, for instance in the IT field.



- Wages are lower in the manufacturing sector because it accounts for a majority of low-skilled jobs. It still provides a stable wage for low-income people who lack education.

# FOCUS ON FORMAL EMPLOYMENT

## An in-depth impact study underlining the benefits of a formal job

I&P and FERDI (Foundation for Studies and Research on International Development) carried out a study on the social and economic impacts of employment and explored the impacts of an employment contract in the Senegalese and Malagasy contexts. In Senegal, over 200 employees were interviewed, in 6 portfolio companies covering several sectors, hierarchical levels and contract types. Here are the main findings of the study:



### Access to employment

70%

of employees obtained their first job contract thanks to the companies surveyed

70%

of employees experienced a period of unemployment before working in companies supported by I&P



### A higher wage supporting an entire household

60%

The average wage of a formal job at I&P's partner companies is 60% higher than the country average

9

The average household in Senegal has nine household members who benefit from the employee's income

### Essential social benefits



73%

of employees have health insurance coverage for the first time, which extends to an additional person on average in the household

78%

of employees are also enrolled for the first time in a pension program

### Better financial inclusion



82%

of employees have a bank account versus 42% of informal employees

50%

of employees have been granted a loan versus 20% of informal employees

# ADDRESSING BASIC NEEDS IN AFRICA (1)

A majority of investments providing SDG-aligned essential goods and services

90%

of our partner companies address local needs of the African population or African companies (i.e. these companies focus on the local market and do not export)

62%

of our partner companies improve local access to goods or services that address essential needs and the UN Sustainable Development Goals \*

## GOAL 2: End hunger, improve nutrition and promote sustainable agriculture

- **Eden Tree:** Provider of fresh fruits, vegetables and herbs
- **TINCY:** Industrial bakery that produces and distributes bread



600

tons of fruits and vegetables sold in 2018



2,800

loaves of bread produced every day in 2018

## GOAL 3: Ensure healthy lives and promote well-being for all at all ages

- **NEST:** Quality healthcare for women and children in Senegal
- **Pharmivoire:** Intravenous fluids for Ivorian medical centers



14,000

visits at NEST in 2018



33%

of NEST's patients were middle to lower classes in 2018

## GOAL 4: Ensure inclusive and equitable quality education

- **Enko Education:** Renowned, high quality education provider



1,400

students in 2018



54%

received a scholarship in 2018

## GOAL 5: Achieve gender equality and empower all women and girls



51%

of Enko students are women



45%

of microfinance institutions' borrowers are women

# ADDRESSING BASIC NEEDS IN AFRICA (2)

A majority of investments provide essential, SDG-aligned goods and services

GOAL 6: Ensure availability and sustainable management of water and sanitation for all

- **Barajii:** Produces and commercializes water and locally produced fruit juices
- **Delta Irrigation:** Saves water thanks to efficient irrigation systems



**19,909 hl**  
of water and  
juices sold in  
2018

GOAL 7: Ensure access to affordable, reliable, sustainable and modern energy for all

- **PEG:** Brings off-grid solar energy access to rural and peri-urban communities in West Africa



**22,195**  
solar kits sold  
in 2018

GOAL 8.3: Support productive activities and entrepreneurship, including through access to financial services

- **Microfinance (4 institutions to date, one exit):** Access to affordable loans for small scale enterprises



**65,715**  
borrowers in 2018



GOAL 9: Build resilient infrastructure, promote inclusive and sustainable industrialization

- **SOFAMAC and Carrières et Chaux du Mali (CCM):** Building material industries
- **ENVAL Laboratoire:** Microbiological and physico-chemical tests and analysis
- **Trianon :** Building company
- **CONERGIES:** Air conditioning and industrial cooling systems using energy-efficient technologies

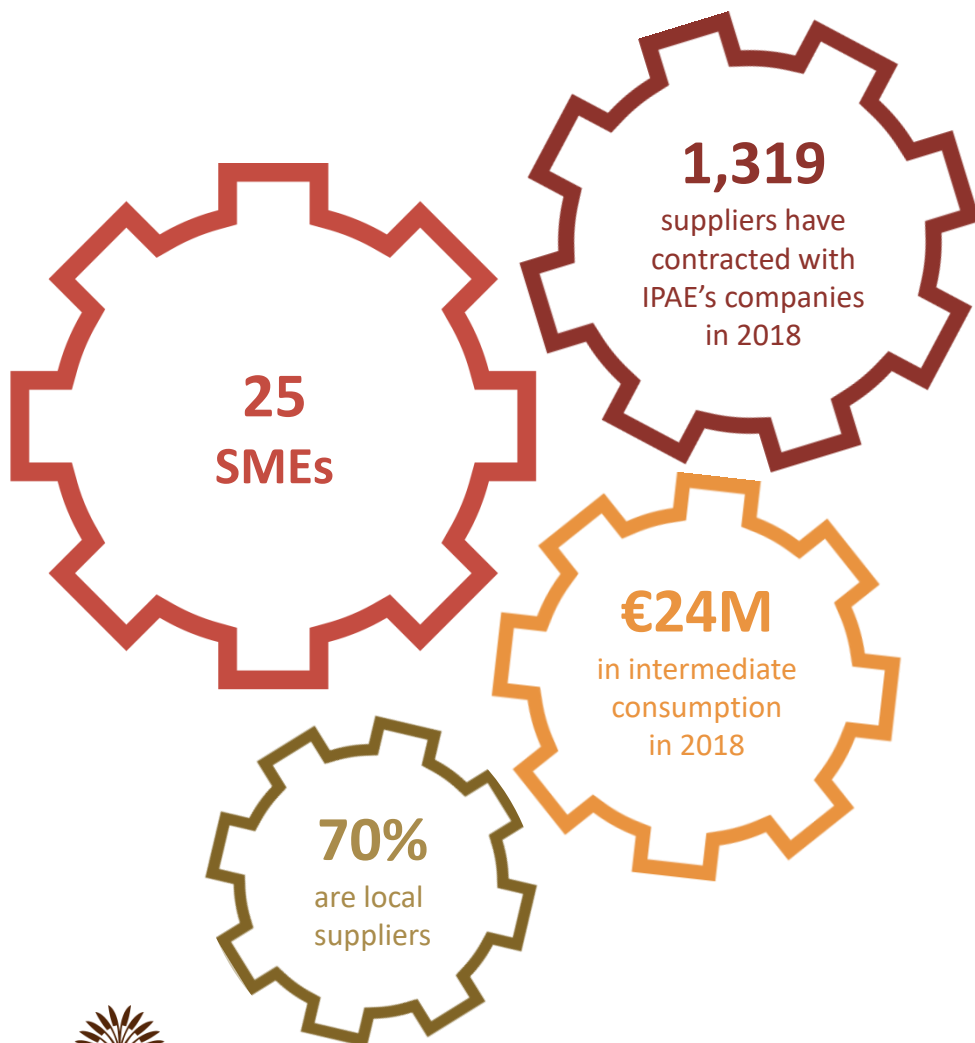


**11,170**  
tons of quicklime  
sold in 2018



# RIPPLE EFFECT ON LOCAL SUPPLIERS

SMEs build local networks of subcontractors



## AGRIBUSINESS

Agribusinesses, in particular, generate business and income for thousands of local farmers.



**1,600 tons** of fruits and vegetables collected in 2018 by SCRIMAD and Eden Tree



**10,720** small producers reached in 2018 by SCRIMAD, Eden Tree and PDS



**33%** of small producers are women

## TECHNICAL ASSISTANCE

IPAE agribusiness investments play a key role in structuring local sectors. They rely on outgrower schemes and provide local farmers with technical assistance and other inputs (financing, seeds, etc.)

**50%** of small producers have received TA and inputs<sup>1</sup>

<sup>1</sup>This data refers not only to IPAE-provided technical assistance but also to other programs

# IPAE'S MAIN IMPACTS IN 2018

## ENTREPRENEURS

- **88%** of our partner entrepreneurs are rooted in Africa for the long term
- **16% are led by African women**
- **96%** of companies would not have been able to carry out their investment project without IPAE's funding or would have done so at a smaller scale
- **€1.6 raised for each €1 invested** by IPAE

## EMPLOYEES

- **4,887 jobs** maintained or created since 2012
- **31,765 household members** impacted
- **58% direct employment growth** since IPAE's investment
- **96%** of our companies provide health insurance

25 SMEs

- **1,319 suppliers** have contracted with IPAE companies
- **70% of suppliers are local**
- Over **9,000 small producers** reached

## SUBCONTRACTORS

- **88%** of our partner companies address local needs
- **56%** of our partner companies provide goods or services that address **essential needs and contribute to the new SDGs**

## CLIENTS

E

**48%**

of our partner companies  
implement "green" projects

S

**43%**

of women employees  
in our portfolio

G

**€9M**

in taxes paid to  
the authorities in 2018



Eden Tree © Béchir Malum

# IPAE 1 - ESG & IMPACT REPORT

## IMPACT THESIS AND METHODOLOGY

### IMPACT MANAGEMENT IN 2018

- 1 PORTFOLIO OVERVIEW
- 2 IMPLEMENTING ESG ACTION PLANS
- 3 MEASURING IMPACTS ON LOCAL STAKEHOLDERS
- 4 ENHANCING OUTREACH & IMPACT WITH ADVOCACY

# I&P'S ADVOCACY POLICY

## Our vision and objectives

I&P has adopted a proactive advocacy policy to promote the recognition of SMEs as vectors of change and the implementation of appropriate financing solutions in Africa.



# I&P'S ADVOCACY POLICY

## Our tools

### A BLOG TO FOSTER AFRICAN ENTREPRENEURSHIP

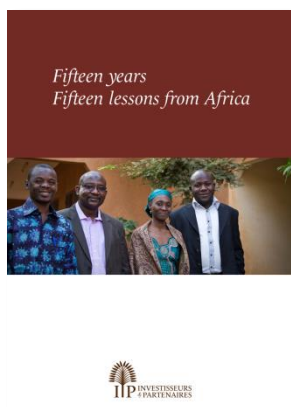


In 2018 I&P launched the blog **ENTERPRISING AFRICA**, in partnership with the Foundation for Studies and Research on International Development (Ferdi) and the African Club of Entrepreneurs. The blog aims to demonstrate and promote the rise of entrepreneurship on the Continent and help us understand the African context through the stories of entrepreneurs. Its objectives:

- Create a **unique forum** for sharing the stories of African entrepreneurs
- Share **research work on African entrepreneurship and related topics** (economic, social, environmental issues)
- Plead the cause of African entrepreneurship to **promote its development** and reach a diverse range of actors: public authorities, civil servants, investors and financial institutions

### A SET OF PUBLICATIONS

I&P regularly publishes studies to share its experience and insights.



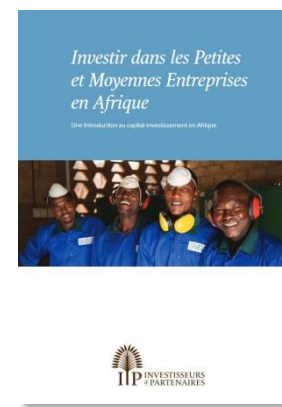
#### **"Fifteen years, fifteen lessons from Africa" (2017)**

→ A document conceived by I&P's team to present key lessons learned from its 15-year experience financing African SMEs and startups.



#### **"Investing in Africa's Development" (2016)**

→ An academic study presenting the landscape of impact investing and how impact investors can contribute to meeting the SDGs in Africa.



#### **"Investing in African Small and Growing Businesses" (2015)**

→ A practical tool to understand the context and methodology of African SME financing.

# PROMOTING GOOD PRACTICES

## A growing ecosystem

I&P helps grow the emerging ecosystem of impact investors and embodies its mission through multiple networks

### IMPACT INVESTING & PHILANTHROPY NETWORKS



### AFRICAN NETWORKS



### A COMMITMENT TO RESPONSIBLE INVESTMENT





# PROMOTING GOOD PRACTICES

## I&P among the early adopters of IFC's Operating Principles for Impact Management

On April 12, The International Finance Corporation (member of the World Bank Group) launched **the Operating Principles for Impact Management** - a market standard designed to bring greater transparency, credibility, and discipline to the impact investment market.

**I&P has been involved in the definition of these principles since the beginning and is one of the 60 early adopters of the principles.**

*“I&P joined and supported the process of building the IMPs from Day One for this is a fundamental step toward building an impact investing community, bringing it together and aligning it around good practices, as well as fighting impact washing and strengthening discipline around impact measuring”*

**Jean-Michel Severino, I&P CEO**



[Read more](#)

# PROMOTING AFRICAN ENTREPRENEURSHIP

## Media and research publications on our portfolio companies



**NEUROTECH**  
Health • Senegal

Neurotech participated in the Lightforce project alongside the NGOs Liter Of Light Italia and Salesforce. By installing solar lamps and charging points for phones and computers in Kaffrine, Neurotech has positively impacted 1,800 inhabitants.

[Click here to watch.](#)

The pan-African magazine *Jeune Afrique*, has produced a short article on Ghanaian company Eden Tree.

[Click here to watch.](#)



**EDEN TREE**  
Agrobusiness • Ghana



**CHAUX ET  
CARRIÈRES DU  
MALI**  
Building • Mali

Chaux et Carrières du Mali participated in the launch of the first edition of the Security and Health Work Caravane whose aim is to reduce injuries, loss of life and property damage caused by work accidents and raise employee awareness of good work safety practices.

[Read more here.](#)

EDF announces the acquisition of 49% of the capital of the Ivorian group Conergies, presented as the West African leader in climate engineering, refrigeration and solar solutions.

[Read more here.](#)



**CONERGIES**  
Equipment &  
maintenance • Ivory  
Coast

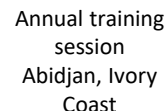
## Advocacy projects of the Club



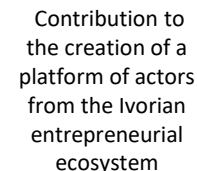
- **Promote entrepreneurship in Africa** by shedding light on the activities of the members and promoting this initiative amongst different stakeholders, including youth and women
- **Foster opportunities** by sparking new types of interactions between members on the local, national, regional and pan African scales, in order to share best practices and foster business opportunities
- **Enhance skills** both for the entrepreneurs and their employees, in order to develop local human resources



- Arrangement for members to take part in MOOCs sessions (online courses) developed by top business schools and consulting firms
- Launch of the blog "**Entreprenente Afrique**" in collaboration with I&P and FERDI : <https://www.entreprenenteafrique.com/>



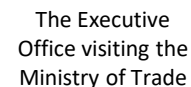
October 2018



December 2018

### Implementation of clusters by country

February 2019



March 2019



VRS © Béchir Malum

# IPAE 1 - ESG & IMPACT REPORT

## IMPACT THESIS AND METHODOLOGY

### IMPACT MANAGEMENT IN 2018

- 1 PORTFOLIO OVERVIEW
- 2 IMPLEMENTING ESG ACTION PLANS
- 3 MEASURING IMPACTS ON LOCAL STAKEHOLDERS
- 4 ENHANCING OUTREACH & IMPACT WITH ADVOCACY

For more  
information  
please visit:  
[www.ietp.com](http://www.ietp.com)



## CONTACTS

***Jean-Michel SEVERINO***

CEO

[jm.severino@ietp.com](mailto:jm.severino@ietp.com)

***Samuel Monteiro***

ESG & Impact Manager

[s.monteiro@ietp.com](mailto:s.monteiro@ietp.com)

***Emilie Debled***

PR and Business Development Director

[e.debled@ietp.com](mailto:e.debled@ietp.com)

***Investisseurs & Partenaires (I&P)***

9, rue Notre Dame des Victoires, 75002 PARIS

+ 33 1 58 18 57 10