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### About



I&P is a pioneering impact investment group, entirely dedicated to financing and supporting entrepreneurs in Africa.

I&P's multicultural team is spread over 10 sites in Africa (Burkina Faso, Cameroon, Ivory Coast, Ghana, Kenya, Madagascar, Mali, Niger, Senegal, and Uganda) as well as in France and the United States (Washington DC).

Since its creation in 2002, I&P has supported more than 250 companies operating in various sectors, based in Sub-Saharan Africa, and currently finances about 50 more SMEs each year.

# Our impact at a glance

250 SMEs in portfolio

Including **50** companies financed in 2022

70% of SMEs addressing the Sustainable Development Goals (SDGs)

2,7+ million of

people impacted (employees and families, suppliers, clients)



A strong **job creation** pattern, linked to the decent work agenda

**89%** of African entrepreneurs

**87%** located in Least Developed countries



A focus on **gender lens investment** 

**28%** of women-led enterprises

**67%** of portfolio companies satisfying the 2X challenge criteria

**42%** of SMEs providing a complementary health insurance

50% direct employment growth since investment



# A look at I&P's activities

Investisseurs & Partenaires (I&P) is a pioneering impact investing group dedicated to financing and supporting the emergence of African entrepreneurship champions.

For over 20 years, I&P has been developing funds, programs and trainings to support the emergence of entrepreneurs in Africa, to demonstrate their essential role in the development of the continent.

- Mission & Key figures
- Four complementary lines of business
- **Our networks**

### Overview

#### **Our mission**

I&P's mission is to design and develop support and financing solutions tailored to the needs of African entrepreneurs, to maximize their economic, social, and environmental impacts and demonstrate their essential role in the development of the continent.

**I&P** targets African SMEs with financing needs under €5 million, known as the "missing middle" due to a lack of access to long-term financing and a need for strategic and managerial support. Microfinance institutions and traditional investors often lack the appropriate tools to support these companies.



#### **Key Figures**

### 250+ compagnies financed

50 companies financed in 2022

**120 capital-funded** companies and **130 companies** benefiting from subsidized acceleration programs

With financing needs ranging from €10,000 to €5 million

Based or operating in 20 sub-Saharan African countries

### A committed team of 130 people

Located across **10 African countries**: Burkina Faso, Cameroon, Côte d'Ivoire, Ghana, Madagascar, Mali, Niger, Senegal, Uganda, as well as **in France and the USA**.

### **€400** million raised

More than €260 million raised by I&P and its partner funds from African and international investors and funders

€140 million advised funds by I&P (I&P Ecosystems)



#### 4 pillars of activity

I&P's model is based on four complementary lines of business that address directly or through intermediaries the needs of African SMEs. These enterprises face two key obstacles: lack of access to long-term financing and to skills and human resources.

The lines I&P Acceleration, I&P Development and I&P Expansion are dedicated to SME financing and segmented according to the maturity of the companies and the size of their financing needs. The line I&P Ecosystems is dedicated to fostering the overall business ecosystems in which our partner companies operate.









**I&P Ecosystems** 

Promoting the emergence of entrepreneurs and investors in Africa and fostering the development of a business environment conducive to their prosperity

**I&P** Conseil

Mastercard Foundation Africa Growth Fund

#### **Our Networks**

I&P is part of the emerging ecosystem of impact investors worldwide and asserts its mission through several relevant networks related to its business activities, with a focus on impact investment and private equity networks in Africa.























# A review of our impact axes

Promoting a new generation of African entrepreneurs is at the heart of I&P's mandate.

We have developed a rigorous methodology to measure and monitor the impacts of our partner companies, with a particular emphasis on the six pillars of our impact strategy:

- **Developing African entrepreneurship**
- **Creating decent jobs**
- **Providing SDG-aligned goods and services**
- Promoting women's empowerment
- Strengthening the local economic fabric
- Fostering environmentally-friendly development

The impact methodology is presented at the end of this section.

The data presented in this section are based on the impact questionnaires collected from 123 companies and analyzed as of January 1st, 2022.

# Developing African entrepreneurship

1

Supporting entrepreneurs rooted in the continent is at the core of our mission. I&P also focuses mainly on Least Developed or fragile Countries in West Africa, Indian Ocean and Central Africa.

89%

of companies are led by African entrepreneurs



of companies are in located Least Developed Countries or fragile countries

#### Who are the entrepreneurs financed by I&P?

Over the years I&P has financed more than 250 entrepreneurs, based in some fifteen African countries. We are convinced that these entrepreneurs are **driving actors of change** on the African continent. **Backed with appropriate funding and technical assistance resources**, they have the capacity to build sustainable businesses that address local needs, create decent jobs and ensure good working conditions, and to think of innovative solutions to solve social and environmental issues.



72% of the entrepreneurs are based in West Africa, 11% in Madagascar, 13% in Central and East Africa)



28% of companies operate in the agribusiness sector. Other key sectors include Education (15%), Industry (15%), Health (7%), or ITC (6%)



28% of SMEs are managed by **women**, against 7% of women CEOs in Africa\*

#### Additionality and catalytic effect of I&P financing

SMEs face significant difficulty securing external financing from local commercial banks and other traditional financiers.

We assist our entrepreneurs in their **negotiations with local or international financial institutions** or in the search for new shareholders, using our networks.

Our financing has a strong leverage effect both at the level of the local funds launched and subsequently at the level of the companies supported: for 1€ financed by I&P, the companies are able to mobilize about €1 of additional financing.





#### Focus: Sustainable development goals

Through its activities, I&P aims to address some of the main development issues in sub-Saharan Africa and refers to the framework established by the United Nations' Sustainable Development Goals.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work [8.3] [8.10].



Encourage financial flows to States where the need is greatest, in particular least developed countries and African countries [10.B].



Strengthen the means of implementation and revitalize the global partnership for sustainable development [17.5].

### Case study



With a pharmacist background, Angéline Traoré Yougbaré was passionate about fashion from a very early age, before starting her entrepreneurial journey in 2019, when she launched Maison Fenel.

Combining tradition and modernity, La Maison Fenel is financed by the program I&P Acceleration in Sahel since 2020. Maison Fenel is the first business managed by a woman beneficiary of the program in Burkina Faso. The first results were immediate with the purchase of equipment to increase production capacity, the restructuring of the company, the strengthening of the management system and the recruitment of a chartered accountant.

#### Main impacts

8 full-time employees and 10 new jobs to be created

75% of employees are under 35 years old

50% of employees are women

A network of 87 local weavers working with La Maison Fenel

#### Useful links



<u>Company Factsheet</u>

# Creating decent jobs

I&P supports SMEs that have a strong job creation potential, while simultaneously helping to improve the quality of these jobs.

Each year, only 3 million formal jobs are created in Africa despite the arrival of 10 to 12 million young people on the job market. A large majority of employment in Africa is provided by an informal sector that is low in productivity and insufficiently structured to absorb new entrants on the labor market.

+8,800

Permanent jobs maintained or created through investment

50%

**employment growth** since the investment (*i.e.* 2,971 jobs created)

50,000

Total family members supported by employees\*

Wages paid to employees provide vital income to household members. **The indirect impacts of these jobs** are then powerful and allow thousands of people to live better.

\*Based on household size derived from the Global Data Lab developed by researchers at the University of Radboud, the Netherlands, it is estimated by crossing different surveys (Demographic and Health Surveys, UNICEF Multiple Indicator Cluster Surveys, World Development Indicators, etc.)



#### Focus on job quality and formality

Formal jobs maintained through productivity investments or formal jobs created result in **higher-paying and more secure jobs**, providing access to training, social security, social protections and a « regular salary ».

The average minimum wage paid by I&P's partner companies is 78% higher than the average minimum legal wage in their respective countries (vs 53% in 2019). This performance is driven by several factors: some investees have increased their minimum wage, some investees have registered departures of low-skilled employees earning lower pay levels, and some investments in the service sector pay a high wage.

The total wages paid in 2021 amount to USD 123M.

89%

of employees covered by **public social protection system.** 

42%

of companies offer **private health insurance coverage** 

#### Focus: Sustainable development goals



Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value [8.5].



Implement nationally appropriate social protection systems and measures for all and achieve substantial coverage of the poor and the vulnerable [1.3].



Achieve universal health coverage, access to quality health-care services and access to essential medicines and vaccines for all [3.8].

# Providing SDG-aligned goods and services

Addressing the main development challenges in Sub-Saharan Africa is at the heart of I&P's mission. The vast majority of our investees improve local access to essential goods or services, in close alignment with the UN Sustainable Development Goals.

71%

of portfolio companies provide a product or service that directly contributes to the SDGs



34 partner companies contribute to SDG 2 (vs. 21 in 2020), "End hunger, achieve food security and promote sustainable agriculture."



7 partner companies contribute to SDG 3, "Ensure healthy lives and promoting well-being for all at all ages."



20 partner companies contribute to SDG 4 (vs. 14 in 2020), "Ensure inclusive and equitable quality education and promote lifelong learning opportunities."



7 partner companies contribute to SDG 6 (vs. 3 in 2020), "Ensure access to water and sanitation for all."



5 partner companies contribute to SDG 7 (vs 3 in 2019), "Ensure access to affordable, reliable, sustainable and modern energy for all."



8 partner microfinance institutions contribute to SDG 8.3, "Support productive activities and entrepreneurship, including through access to financial services."



5 partner companies contribute to SDG 9, "Build resilient infrastructure, promote sustainable industrialization and foster innovation."



1 partner companies contribute to SDG 11.6, "Foster sustainable cities and communities – reduce other waste management."







Founded in 2002, <u>DELTA SA</u> is a family-owned Senegalese company **headed by Léna Tall, company's founder and CEO**. She has 20 years of experience in sanitation and is the only woman to lead a large company in the sector.

DELTA SA provides **impactful services** that promote solid, inclusive and sustainable economic growth and improve the living conditions of the population.

DELTA SA is specialized in **sanitation and public works**, monitoring a large part of Dakar's sanitation network and the regions nearby, and offers various services (construction, buildings' renovation and maintenance, drinkable water conveyance...).

**75,773** m3 of material (sewage, waste, etc.) were treated in 2021 thanks to Delta SA's solutions.

### Promoting women empowerment

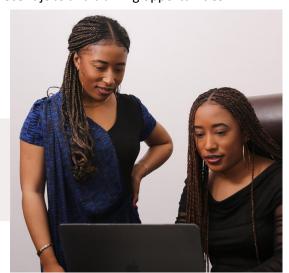
One of I&P's overall objective is to promote gender equality within formal SMEs in Sub-Saharan Africa.

We seek to proactively develop a pipeline of SMEs that address the specific needs of women, focus on women's inclusion, empower women in decision-making processes, and provide them access to decent jobs and training opportunities.

of I&P portfolio is considered as gender-lens investment (2X Challenge criteria)

The 2X Challenge was launched at the G7 Summit 2018 as a bold commitment to inspire DFIs/IFIs and the private sector to invest in the world's women. They defined what can be considered a gender lens investment.





### At portfolio level

I&P formally announced its gender strategy in the document "Opportunities to bridge the gender gap in African SMEs".

Anchored in I&P's mission, the gender strategy seeks to promote gender equality among its portfolio companies in Africa, as well as to lead by example, demonstrating gender-diverse governance and promoting mixed teams and women's equal access to senior leadership and investment positions.

of women-owned or led companies

of women employees among I&P's partner companies - 37% of women among senior executives for IPAE's partner companies (31% last year)

#### At I&P level

The gender strategy is also reflected at both I&P staff and investment vehicle's governance levels. As of today women represent:

43%

of I&P's executive committee (vs. 22% for private equity investors, 2022 Gender study Deloitte-France Invest)

of I&P's employees (vs. 40% for private equity investors, 2022 Gender study Deloitte-France Invest)

of I&P's investment team (vs. 27% for private equity investors, 2022 Gender study Deloitte-France Invest)

#### **Reading material**

→ I&P's gender policy "Opportunities to bridge the gender gap"

→ An article published on "Private Sector & Development" : How can general impact investors tackle gender-related issues?

→ Our recent focus on gender diversity in the private equity sector, published in March 2022 Link

**Focus on SDG** 



Ensure women's participation and equal opportunities for leadership at all levels of decision-making [5].

The companies supported by I&P contribute to strengthening important local networks, thereby generating new opportunities for small suppliers and distributors in the countries where they operate.

3,900

suppliers are working with our portfolio companies (vs. 2,200 in the previous year)

79%

of suppliers to our portfolio companies are local (vs. 68% in the previous annual report)

#### Stimulating sustainable supply chains

SMEs build local networks of subcontractors.

The ripple effects are particularly strong in the agricultural sector, with 23,072 smallholder farmers, compare to 16,766 the previous year. This is mainly due to two companies in the agro-industry, Agroserv and Siatol, based in Burkina Faso, which considerably increased their farmers network with support bring in terms of technical assistance and intrants.

#### Company focus: AgroServ Industrie

Burkina Faso • Agro-Industry • IPAE 2 portfolio

Founded in 2013 by Siaka Sanon, AgroServ Industrie is an industrial unit processing maize into gritz and flour, based in the industrial zone of Kossodo (Ouagadougou).

AgroServ has strengthened over the years a network of some **6.000 small maize producers.** Its activities contribute to Burkina Faso's economic and social development by gratifying local raw materials, substituting often expensive importations. **Read more** 

"We contribute to feeding Africa, which is quite challenging as local conditions are difficult. If some think importing agricultural products from big European multinational corporations is easier, I firmly believe that Africa must feed itself." Siaka Sanon



#### Contributing to domestic resource mobilization

In I&P'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.

€18M

in taxes paid by I&P's partner companies to local authorities over the last year

#### **Focus on SDG**



Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection [17.1].

### Fostering environmentallyfriendly development

I&P is promoting sustainable growth through investment in resource-efficient companies with limited carbon footprints.

We believe that our partner companies can play an active role in experiencing and sharing replicable, efficient and renewable energy solutions.

24%

of I&P companies have implemented green projects\*

13%

of I&P partner companies are using renewable energy in their mix

#### Our approach at portfolio level

I&P seeks to partner with companies that **provide services that improve environmental impact** (green technology, energy efficiency, waste management...) and that **promote sustainable use of natural resources** (fishing, forestry and agriculture).

We help companies mitigate potential negative impacts by implementing sound environmental management systems.

I&P calculates the carbon footprint of its portfolio annually to identify the main sources of emissions. As of January 1st, 2022, its footprint amounted to **26,133 tCO2eq.** 

#### At I&P's level: carbon offset

We are committed to assessing and reducing our environmental footprint. Making our offices carbon-neutral is a priority.

To achieve this, we offset incompressible emissions by financing two low-carbon projects in partnership with EcoAct. These two projects for the production and distribution of improved cooking stoves in Ghana and Kenya help to reduce the pressure on local forests by consuming less charcoal, and nearly 250 jobs have already been created by these projects.

In addition, the reduction of emissions reduces the negative health impacts associated with associated with household air pollution. The project distributes free fireplaces to women over 50 in its community in Ghana to strengthen women empowerment. The impact of these projects is certainly environmental, but also social and economic.



JIRO-VE





Jiro-Ve is a pioneering company in rural electrification in Madagascar, launched in 2014 to provide affordable and healthy lighting for marginalized communities.

The company has come up with an innovative, inclusive micro franchise model. The energy service is provided by a decentralized dedicated team of local entrepreneurs equipped with solar systems. Jiro-VE provides the support with high quality solar equipment, training and continuous follow up to ensure our franchisees can reach their maximum potential. <u>Learn more</u>

#### **Focus on SDG**



Take urgent action to combat climate change and its impacts [13].



Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycles [12].

# Methodology

**I&P** has developed a strong Impact Management policy for screening and monitoring ESG & impact during investment and until exit. The Impact Management framework is based on international standards and customized to fit the impact thesis and targets of each fund. This methodology has been awarded the Special Jury Prize at Swen Capital's ESG Best Practices and is the subject of a case study in the EVPA Practical Guide to Impact Measurement.



#### Building an impact-oriented portfolio

**Before the investment**, I&P evaluates the potential impacts of a project, as well as its ESG (Environment, Social, Governance) risks and opportunities



#### Implementing ESG action plans

I&P sets up with the entrepreneur a tailor-made ESG action plan, reviewed annually.

I&P also implements ESG measures across the portfolio, such as social security and energy efficiency measures.



#### Reporting and valuing impacts

I&P publishes an annual ESG & Impact report for each fund under management, as well as a global impact report.

I&P also conducts **a proactive advocacy policy** to maximize its impact.



#### Measuring impacts on local stakeholders

Once a year, I&P reviews the ESG and impact performance of portfolio companies, with **an inhouse information management tool** (40 indicators) based on IRIS metrics.

I&P also conducts **in-depth impact studies** every year on one or several companies.

#### Integrating ESG risk management and going beyond

I&P's impact methodology and framework adaptable for each fund or program launched always integrate an ESG risk management component ("Do no harm") and a positive impact creation lens ("Do good"). The field investment team implement the impact framework throughout the investment process, from screening to exit:



#### **Before Investment - Screening**

### A strong ESG risk management ("Do no harm")

- 1. Each potential investee is analyzed regarding I&P's exclusion list.
- An ESG risk rating based on international standards (IFC, CDC) is conducted (ex: child labor, antimoney laundering)
- 3. Measures are set in order to mitigate any identified risks.

### Assessing potential impacts ("Do good")

After identification of ESG risks, an Impact Screening Scorecard based on the company's impact on its stakeholders is used to: (1) screen investment projects aligned with I&P's core impact objectives and (2) identify ways to improve overall impact.

2

#### **During Investment - Monitoring**

Implementing an ESG and impact action plan to mitigate risk and generate positive economic and societal value.

- An action plan is set through a collaborative discussion with the investee. The plan integrates ESG risk mitigation measures and positive impact actions, combining the creation of economic and societal value. This plan is embedded into the investment agreement.
- 2. A person on the team is appointed to oversee the process.
- 3. Review of action plans and progress is done every 6 months.

### Measuring results in order to improve ESG/impact management

An in-house information management tool (40 indicators) based on IRIS metrics is used to assess investee's impact performance on their local stakeholders and ecosystems.

3

#### After Investment - Exit

Perpetuating the business's sustainability measures after exit.

Action plans are mostly designed to improve both ESG performance and financial performance, ensuring the sustainability of the measures implemented (e.g., better working conditions that reduce turnover and associated costs).

ESG issues and impact measures are widely appropriated by entrepreneurs and deeply rooted in their business processes, making these actions all the more sustainable, even after exit.

I&P selects buyers who will allow for the sustainability of the company's impacts and ensure good ESG practices. In the presence of several potential buyers, I&P is prepared to make trade-offs on financial profitability in favor of impacts and does not necessarily select the largest financial offer.



# Enhancing our impact

Beyond its support to entrepreneurs and small growing businesses, I&P aims to have a greater impact on African development challenges.

These challenges are huge: they require not only the emergence of a new generation of entrepreneurs, but also public and private intermediaries (investment teams, entrepreneurship support structures, donors) to accompany and finance them.

Through storytelling, reports and public speaking, we aim to spread the word further and ensure that SMEs are recognized as vectors of change.

- Enhancing impact through ecosystem building
- **Enhancing impact through advocacy**

# Enhancing impact through ecosystem building

In response to the considerable number of SMEs to be supported on a continental scale, during their seed and acceleration phase, a large number of actors are structuring themselves to develop the private sector through entrepreneurship. However, the entrepreneurial ecosystem is still young and these actors face certain challenges and capacity-building needs.

#### The context

- → International donors and official development assistance actors are increasingly engaged in supporting the private sector but do not always know how to address the challenges (tools to meet the needs of entrepreneurs, types of SMEs to target...)
- → Support structures for entrepreneurship (incubators, accelerators, startup studios) are often struggling to recruit qualified talent, particularly on financial topics, and to find their business model beyond occasional donor support
- → Investment funds struggle to identify companies mature enough to benefit from the available financial tools or to find funding to support technical assistance missions to SMEs

#### What we do

**To support and strengthen these key stakeholders** to build partnerships with investment funds, I&P has developed several answers beyond its historical investment activities, **through its subsidiary I&P Conseil:** 

- → Supporting entrepreneurs from the very first steps of their entrepreneurial adventure

  We design and implement acceleration programs, providing blended learning, coaching and mentoring sessions, as well as seed-financing and grant-funding to young SMEs.
- → Consolidating the intermediate structures essential to SMEs development

  We work closely with African-based intermediaries dedicated to entrepreneurs (financing actors, support structures), to strengthen their skills on topics such as investment readiness and impact measurement.
- → Advising donors and international organizations to build impactful strategies to support SMEs and the private sector

We advise international and local structures on market studies, design of entrepreneurship support programs as well as on the implementation of impact funds (strategy, investment and impact theses, reporting tools, investment pipeline...)



600+

direct beneficiaries of our trainings on **Investment Readiness and Impact measurement** 

360 -

entrepreneurs trained through our acceleration programs 140

professionals (corporates, donors) trained in the basics of investment 10

incubators & accelerators trained on financial skills

**13** 

editions of entrepreneurial acceleration programs in which I&P Conseil has provided training

**25** 

market studies and advisory missions

## Enhancing impact through advocacy

I&P is committed to a proactive advocacy policy that recognizes SMEs as vectors of change and promotes adapted financing solutions for Africa's "missing middle". The objective is to go beyond the impacts of I&P alone and to have a multiplier effect on our contribution to Africa's development agenda.

#### Highlight: I&P's manifesto

As I&P celebrated in 2022 its 20th year of activity, we have published a flagship document, our "Manifesto for the financing and support of entrepreneurship in Africa".

Based on 20 years of learning, entrepreneurial adventures, successes as well as failures and challenges, this manifesto aims to share five best practices or core approaches that we believe are essential if we want to accomplish our mission to serve African entrepreneurs.

The manifesto addresses entrepreneurs, but also and above all an ecosystem that is vital to them: governments and public authorities, national and international investors, donors, large companies, local support structures, and banks...

This document is part of a strategy to support the private sector and SMEs that the highest African and international authorities now consider a priority.

Read more

#### **Manifesto** for the financing and support of entrepreneurship in Africa





#### Other advocacy tools

#### **Studies & Reports**



I&P regularly publishes studies that address its areas of expertise in concrete terms: impact investment, support for SMEs, private equity, etc.

Discover our reports here

#### **Articles & Blog**



I&P and FERDI manage the blog "Entreprenante Afrique", a unique platform for African entrepreneurs to express and share their ideas. The blog gathers research articles, experience sharing and field testimonies on African businesses.

Discover the blog

#### **Videos**



**I&P** showcases partner companies and team members through short videos and interviews.

**Discover our videos** 



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#### **YOUR CONTACTS**

#### **Samuel MONTEIRO**

ESG & Impact Senior Manager • <a href="mailto:s.monteiro@ietp.com">s.monteiro@ietp.com</a>

#### Clémence BOURRIN

Communication and External Relations Manager • c.bourrin@ietp.com

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