

I&P DÉVELOPPEMENT II

ANNUAL ESG AND IMPACT REPORT

March 2019



EDITO



Jean-Michel SEVERINO
CEO

IPDEV 2 has set itself ambitious impact objectives, which include promoting African entrepreneurship, expanding equity investment in the “missing middle”, and formalizing SMEs. Of these objectives, supporting women-impact SMEs is one of the most central to our mission and closely linked to other development issues such as health, work conditions, and revenue increase. Few levers can be more impactful for a concrete change in Africa. On the Continent, small companies are more likely than large ones to be led by a woman. Research shows that women-led SMEs are more women-inclusive in terms of staff, benefits, and decision-making. For these reasons, IPDEV 2 has a key role to play in promoting women in all aspects of business : for women entrepreneurship in the SMEs we invest in, at the management level of the companies, and of course within our teams. As a B Corp™ certified impact investor, I&P has approved a gender strategy that reflects our commitment to these objectives and that is strongly aligned with the 2x Challenge. This year, IPDEV 2 has made significant progress in this regard, since out of the five new investments, two are partially or solely led by women. A total of 25% of the portfolio is women-led or gender inclusive. And our teams also follow this trend: 52% of the IPDEV 2 team members are women. These impact objectives are at the very core of IPDEV 2 as well as other I&P funds.

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. These principles will be key to sharing a common vision for impact investing and to extending our reach in the future.



David MUNNICH
COO

The past year has been particularly busy for IPDEV 2. The final closing took place in July and gave IPDEV 2 robust means to fulfill its mission in the years to come. Comoé Capital and Miarakap, the two most recently-launched teams, have entered an active phase of investment and are showing promising initial results. Overall, thirty companies have been financed to date, thanks to the more than twenty team members of the country funds. Finally, the assessment of the first three years of IPDEV 2 was led by its own ESG & Impact Committee. This was a great opportunity to share IPDEV 2's key learnings and prepare for the future.

One of the key takeaway showcased by this assessment is that in the five countries where IPDEV 2 has invested, each fund was the first fund incorporated locally dedicated to early-stage SMEs and to bringing together African investors. Demonstrating that this model is possible, and that investing in equity in SMEs is effective in supporting them, is one of IPDEV 2's key objectives. Advocacy for SME investments is at the heart of our commitment and mission.

We will continue working to improve and extend our impact in Africa into 2019 and beyond.

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SUMMARY

Our mission

Our commitment to development and growth of African economies

IPDEV2 is about making a significant contribution to poverty alleviation in Sub-Saharan Africa in a distinct and original way: by supporting and empowering formal African SMEs and start-ups.

African entrepreneurs are building a new Africa. They shape the governance of the countries where they operate. They pay taxes which help to fund schools, hospitals, water, sanitation, roads. They create formal jobs which not only generate revenues for employees and their families, but also bring many other positive impacts. As our research and practice show, the formalization brought about by IPDEV2's investment unlocks tremendous growth potential for our partner firms by providing them access to export, to bank loans, and to international funding. What's more, formalization increases productivity and well-being for the workers; indeed, our internal research shows that a majority of our partner company employees signed their first formal employment contract and accessed health insurance and a retirement scheme for the very first time as a result of IPDEV2's investment.



Entrepreneurs create new goods and services for their clients that help improve their lives: our portfolio companies demonstrate that private investment improves their clients' access to a whole range of essential services including nutrition. Our companies also positively impact their suppliers. For instance in the agribusiness sector, many of our partner companies support the businesses of thousands of smallholder farmers and provide them with livelihood. Finally, our companies modernize the economy: they help the financial sector to grow, they shape business communities, and they create a thriving professional environment and economic ecosystem around them. Our annual ESG and Impact Review testifies to all of these dimensions of IPDEV2's impact on the ground.

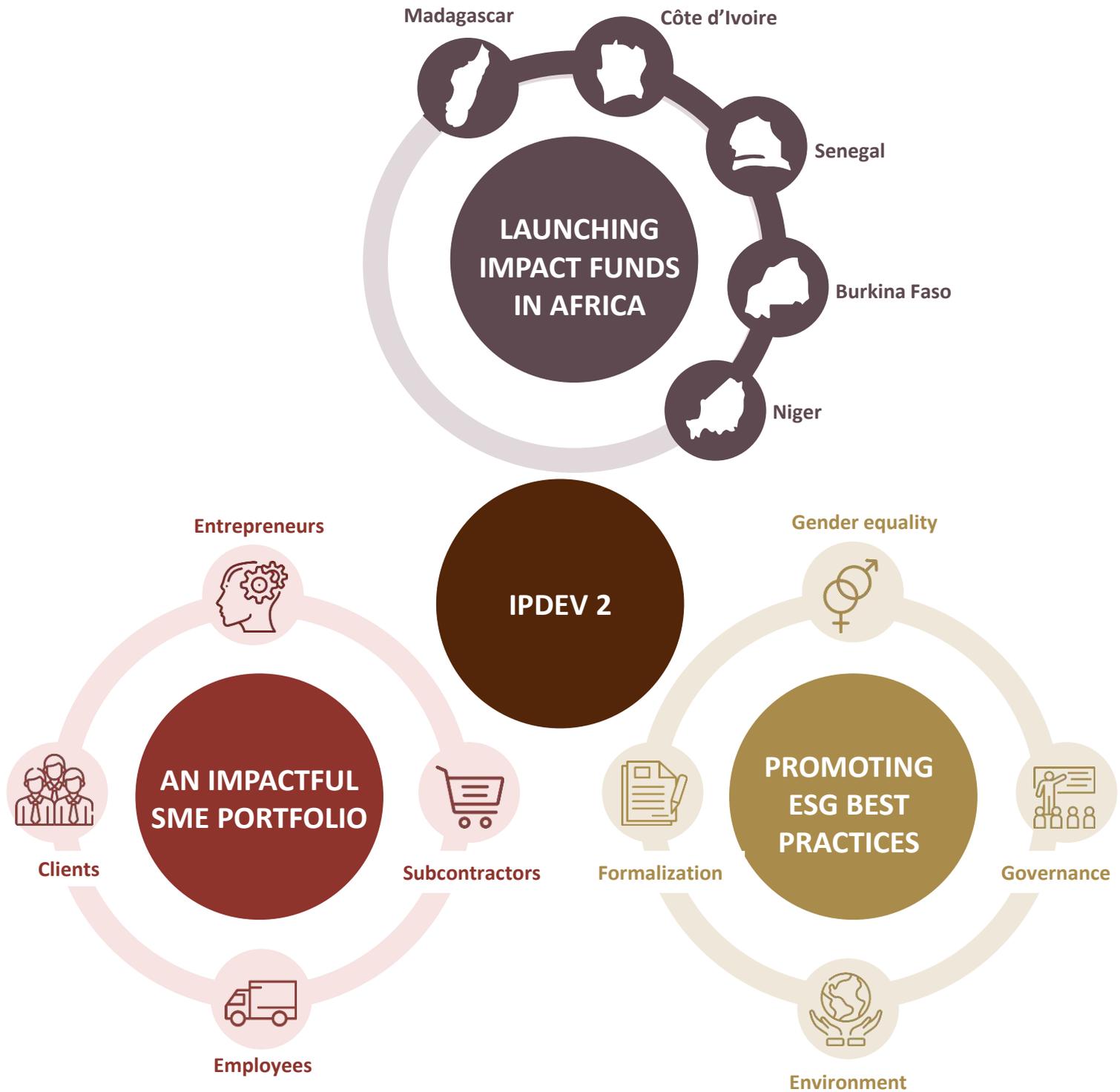
Providing support to those who need it most is one of IPDEV2's key values. Not only do we operate in particularly vulnerable countries which are largely underserved by other investors, but within these countries, we then target those SMEs that are suffering most from a lack of financing. Our funding is helping to grow a SME eco-system that would not have otherwise come into being. However, we are also deeply aware of the negative externalities generated by any economic activity we support. Sustainable, responsible economic growth is another IPDEV2's one of core values, which is why we support as often as possible businesses that provide environmental services and sustainable/green products. We also help businesses to minimize their CO2 emissions, limit and manage waste, and fight biodiversity loss.

IPDEV2 was born from the idea that equity investment can efficiently support African entrepreneurs from the earliest steps of their development because early-stage entrepreneurs are in dire need of funding, and often of knowledge and technical assistance, to grow their businesses and in turn generate the whole range of expected impacts described above. In this context, IPDEV2 came up with a specific approach to downscale equity investment and adapt it to these talented but still early-stage entrepreneurs. IPDEV2's mission is to share the methodology of equity investment with newly started African investment teams based in Africa and to sponsor them. IPDEV2 also leverages African capital to fuel the growth of these most promising SMEs. Given the strong leverage effect, both at the funds level (1 to 3.5) and at the portfolio company level (1 to 2.8), IPDEV2 creates a high number of jobs for every euro invested. In the first five funds, we have exceeded our fundraising targets. Our experience demonstrates that with a limited amount of financial resources, IPDEV2 investors can help create a large number of jobs, and beyond that, make a long-term impact in local communities on the ground.

SUMMARY

Our ESG & impact framework

IPDEV2 works at launching funds in Africa to build an impactful SME portfolio while promoting best practices.

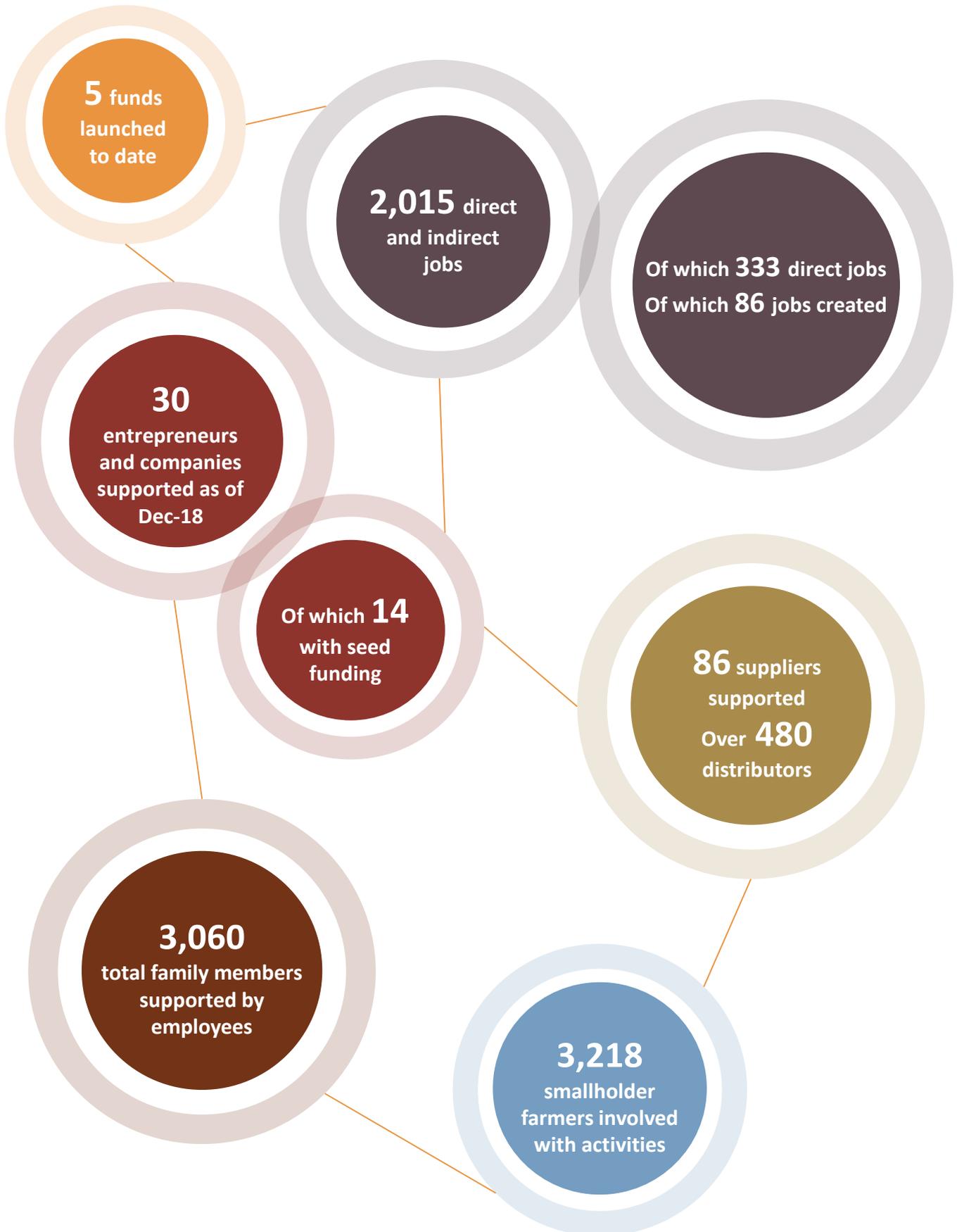


IPDEV2's main contributions to the Sustainable Development Goals (SDGs)



SUMMARY

Our impact at a glance



OUR FRAMEWORK AND OBJECTIVES



IPDEV 2 sponsors African impact funds dedicated to financing start-ups and early-stage businesses on the Continent.

IPDEV 2 has already launched five African funds (see below)-and will launch another five in the coming years. These funds will finance up to 500 early-stage SMEs in 10 countries, which will create and formalize jobs, develop essential goods and services, benefit suppliers, contribute to the structuring of smallholder networks and increase tax contributions that will benefit local communities. The funds implement IPDEV2’s ESG and impact methodology, which promotes ESG best practices, in particular gender equity, formalization and good governance, and environmental sustainability.

The African IPDEV 2-sponsored funds, by launch date

-  MIARAKAP, Madagascar (2018)
-  COMOÉ CAPITAL, Côte d’Ivoire (2018)
-  TERANGA CAPITAL, Senegal (2016)
-  SINERGI BURKINA, Burkina Faso (2015)
-  SINERGI NIGER, Niger (2007)



Mandate	Sponsor new African investment teams dedicated to SME equity investment
Size	€21 million
Geography	West Africa, Central Africa and East Africa
First close	October 2015
Final close	June 2018
Type of structure	Open-ended fund
Target impact	Launch 10 African impact funds and finance 500 early-stage SMEs
Target return	Low single digit
Investors	DFIs (AfDB, Proparco, BOAD), foundations, family offices and individuals
Technical assistance	USAID, World Bank, Proparco-AFD, Cooperation de Monaco
Junior debt	AFD provided a €3 million long-term junior debt to IPDEV2 to cover initial losses

An innovative incubating mechanism of African investment funds

IPDEV 2



ANCHOR
INVESTMENT



TOOLS



BEST
PRACTICES



NETWORK



TECHNICAL
ASSISTANCE



MIARAKAP

Madagascar
City: Antananarivo
Launch Date: 2018



1 SME



COMOÉ CAPITAL

Côte d'Ivoire
City: Abidjan
Launch Date: 2017



3 SMEs



TERANGA CAPITAL

Senegal
City: Dakar
Launch Date: 2016



6 SMEs



SINERGI BURKINA

Burkina Faso
City: Ouagadougou
Launch Date: 2015



2 SMEs



SINERGI NIGER

Niger
City: Niamey
Launch Date: 2007



4 SMEs

A total of **16 SMEs**

21 SMEs financed since inception*

*We report on the 16 SMEs which have an equity stake from an African fund: Cogelec, Lysa&Co, Vallesse, Etudesk, Agroserv, OuiCarry, Unifam, Siatol, Halal, EAL, CAIF, Rama Cereal, Clinique Dentaire le Cap Vert, Chicky, Sahel Lab and GNG. Neither the 14 seed investments made through the USAID PACE program or the 5 SMEs exited (in Niger) are included.



AgroServ © Béchir Malum, 2016

Annual results assessment

In the context of IPDEV2's 3rd anniversary, a **working group made up of members of the ESG/Impact Committee worked on a detailed evaluation of IPDEV2 results against the series of objectives listed below.** Results below were used to determine a performance-related bonus for IPDEV 2's operational team. These objectives are now used as a benchmark to assess annual results.

"In brief, the Extra-Financial Committee found that in totality, financial and non-financial performance was somewhat beyond the expected targets."

Extract from the evaluation report

INCREASE OPERATIONAL AND FUNDRAISING PERFORMANCE

Increase number of funds launched and determine local fundraising objectives <i>Target: 5 funds launched in Year 3, 7 funds launched in Year 5 and 9 funds launched 7 years after the first closing</i>	Partially achieved
Level of grant or co-funding amounts raised to spur IPDEV 2 deployment and impact <i>Target: €7 million in grants to be raised</i>	Beyond target

IMPROVE TECHNICAL AND FINANCIAL PERFORMANCE

Transfer competencies and skills to national teams <i>Target: Convening of investment, ESG, and audit committees, improve quality of minutes, quality of fund management and reporting, and overall quality of the fund deliverables</i>	Achieved
Meet investment objectives in terms of fund engagement and financial performance of SMEs <i>Target: Increase number of SMEs in portfolio or amounts invested (set in national funds plans), financial performance of portfolio SMEs</i>	Not achieved

IMPROVE AND CONSOLIDATE GOOD GOVERNANCE PERFORMANCE OF NATIONAL FUNDS

Level of national fund governance performance (including ESG/impact committees) <i>Target: Number of governance bodies and ESG/Impact committees' meetings, meetings minutes and follow up, percentage of SMEs with a strategic committee or a board of directors</i>	Achieved
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IMPROVE EXTRA-FINANCIAL PERFORMANCE

Performance in terms of gender equality <i>Target: 40% or more of "women-impact SME" and gender equity in IPDEV 2 teams</i>	Achieved
Alignment of the investments with the impact objectives <i>Target: Pre-investment impact scoring above 50%, more than 90% of African or locally embedded entrepreneurs, more than 60% of investments provide access to base goods and align with SDGs, more than 50% local suppliers, 100 jobs created or formalized in each fund in Year 3</i>	Achieved
Ownership on ESG/impact methodologies <i>Target: ESG/impact tools completed before deals, ESG/impact sections in the notes to investment committees, sufficiently frequent updates on ESG work plans, social/fiscal compliance, effective progress on ESG matters</i>	Partially achieved

Key 2018 impact results

IPDEV2 has raised **€40M**, including €21M in capital and €19M in grants, in order to create a network of 10 African impact funds over 10 years.

3 years after inception, **5** new impact funds are operational, with **26** team members recruited and trained

100% of the funds are the first SME impact funds registered in their respective host countries

The 5 funds have raised an additional **€19M** locally in the country's funds from **45** investors, including **87%** of African investors, with a ratio of **€2.9** raised from other investors for every €1 invested by IPDEV2

16 early-stage SME investments made, and growing

THE PORTFOLIO HAS BEGUN GENERATING IMPACTS

ENTREPRENEURS



- **16** African SMEs financed at an early stage
- **100%** operate in Least Developed Countries and/or Fragile Countries
- **€1.8** raised for every €1 invested in local SMEs

EMPLOYEES



- **333 jobs** created in portfolio companies
- Average minimum wages **1.6x** higher than legal minimum wages

CLIENTS



- **415,530** books and textbooks distributed to students
- More than **90%** of SMEs address essential needs

SUBCONTRACTORS



- **3,218** smallholder farmers have benefited from increased incomes
- **86** suppliers supported, most of them are local

16
SMEs

Key 2018 impact results (by funds)

COMOÉ CAPITAL (CÔTE D'IVOIRE)

Employees

- **52** jobs maintained or created
- **31** employees are full-time
- Average monthly salary of lowest paid employees is **1.8 times higher** than the minimum wage in Cote d'Ivoire
- **360** direct and indirect beneficiaries of income distributed to employees

Suppliers and clients

- **365** corporate customers and about **579** end customers
- **386,327** schoolbooks published/produced and distributed
- **515** people trained via e-learning

SINERGI BURKINA (BURKINA FASO)

Employees

- **90** jobs maintained, **30%** of which are held by women
- **82** full-time employees
- Average monthly salary of lowest paid employees is **2.3 times higher** than the minimum wage in Burkina Faso
- **635** direct and indirect beneficiaries of income distributed to employees

Suppliers and clients

- **3,000** smallholder farmers organized, trained and pre-financed
- **675 tons** of soybeans collected and **12,000 tons** of maize purchased from smallholder farmers
- **5,000** end customers

MIARAKAP (MADAGASCAR)

Employees

- **36** jobs maintained, **92%** of them young people
- **36** full-time employees
- **218** direct and indirect beneficiaries of income distributed to employees

Suppliers and clients

- **14 tons** of chicken bought from local producers
- **89,000** end customers

TERANGA CAPITAL (SENEGAL)

Employees

- **124** jobs created or maintained, **33%** of which are held by women
- Average monthly salary of lowest paid employees is **1.4 times higher** than the minimum wage in Senegal
- **1,144** direct and indirect beneficiaries of income distributed to employees

Suppliers and clients

- More than **3,900** end customers

SINERGI NIGER (NIGER)

Employees

- **31** jobs maintained or created in 2018
- Average monthly salary of lowest paid employees is **1.4 times higher** than the minimum wage in Burkina Faso
- **117** direct and indirect beneficiaries of income distributed to employees

Suppliers and clients

- SMEs in SINERGI's portfolio have sourced goods and services from **12** suppliers
- Structuring of a network of **13** smallholder farmers



Niger Valley © Béchir Malum, 2014

LAUNCHING IMPACT FUNDS

5 FUNDS TO DATE

BLENDED FINANCE

A network of five funds



MIARAKAP
PARTENAIRE D' IIP
Madagascar



SINERGI
PARTENAIRE D' IIP

Burkina Faso



COMOÉ CAPITAL
PARTENAIRE D' IIP

Cote d'Ivoire



SINERGI
PARTENAIRE D' IIP

Niger



TERANGA CAPITAL
PARTENAIRE D' IIP

Senegal

MIARAKAP

PARTENAIRE D' IIP

Country Madagascar
 Launch 2018
 Size €3 million
 Website miarakap.com/

€3 MILLION RAISED IN PERMANENT CAPITAL

- 15 key investors in the Malagasy landscape, including financial institutions, corporations, entrepreneurs, and a mobile operator
- An open-ended investment company



- A partner of the Critical Ecosystem Partnership Fund



6 TEAM MEMBERS



Emmanuel COTSOYANNIS

Managing Director

Emmanuel is a franco-malagasy entrepreneur who grew up in Madagascar and studied at Sciences Po Paris. He began several ventures in France and built a diversified group of businesses in the catering and services sector.



Alia DROUIN

Investment Officer

Alia holds a Master's degree in Management from ESSEC and an MBA from Seoul National University. She joined Miarakap as an investment officer from the creation of the fund in September 2017.



Herinantenaina RABEMANANTSOA

Investment Officer

Herinantenaina graduated from INSCAE in 2015 and joined Miarakap's investment team after working three years for an audit and consulting firm in Madagascar.



Koloina Anjatiana RAMAROMANDRAY

Investment Manager

Koloina graduated from INSCAE in 2018 and joined Miarakap's investment team in October 2018. She has four years of experience in project management.



Stella HERIMIARANDRAISOA

Office Manager

Stella graduated from IMGAM /FSSP in 2009 in Administration and HR, and joined Miarakap in 2017 after working for nine years in Ankoay Consulting and Orange Madagascar



Tsanta Arinjato RAJAONAH

Accounting Manager

Tsanta graduated from INSCAE in 2016 and joined Miarakap after working for two years for Aquarelle Madagascar.

PORTFOLIO EXAMPLE



CHICKY

CHICKY is a chain of poultry restaurants launched in 2017 by a Franco-Malagasy couple. Yohann Catiau and his wife had early on the ambition to address a very large segment of the Malagasy population, in terms of revenues, but also to become the leader in Madagascar on that segment. With six restaurants in the most popular areas of Antananarivo and 36 staff members after two years, Chicky is on the right track. And will soon be joined in Madagascar by KFC, a serious competitor and global leader.

COMOÉ CAPITAL

PARTENAIRE D' IIP

Country Côte d'Ivoire
Launch 2018
Size €6.6 million
Website comoecapital.com/

€6.6 MILLION RAISED IN PERMANENT CAPITAL

- 8 key investors in the Ivorian business landscape, including financial institutions, corporations and entrepreneurs gathered together in an open-ended investment company.



- A managed account with the Jacobs Foundation focused on **education sector** SMEs.



6 TEAM MEMBERS



Issa SIDIBÉ

Managing Director

Issa Sidibe is an entrepreneur and private equity investor in Côte d'Ivoire. He was trained at HEC Paris and INPHB. He co-founded TaxiJet in Abidjan.



Adama FOFANA

Investment Officer

Adama joined Comoé in January 2018 as an Investment Officer for the Education Impact Fund. He has previous experiences in structured long term loans and in investment banking in Africa.



Brigitte ABBE

Investment Officer

Brigitte joined Comoé in September 2017 as an Investment Analyst. She previously worked at 5k, an Ivorian start-up incubator and also gained experience at HD International, Orange Côte d'Ivoire and TaxiJet. She is the founder of an NGO- for the promotion of women's entrepreneurship.



Kevin ALLAH

Analyst

Kevin joined Comoé in 2019 as an analyst after completing a 6-month internship at Comoé. Before joining the private equity firm, Kevin had experience in banking.



Granh Daniel DJAMA

Investment Officer

Granh joined Comoé in January 2019 as an investment manager after working as a strategy consultant and a senior management controller in SMEs and large corporations.



Dyane TCHAGAG

Office Manager

Dyane joined Comoé in November 2017. She is from Cameroon and holds a degree in Computer Science. She has held several positions in Abidjan, notably as Executive Assistant.

PORTFOLIO EXAMPLE



VALLESSE is an Ivorian publishing company founded in 2005 by Ms. Fidèle Aké-Diomandé. It manages 5 series and around 70 books, 12 of which are accredited for the school program. It actively participates in the promotion of young authors via its literary competition "Manuscrit d'Or". During the last International Book Fair of Abidjan, Vallesse won several awards. Fidèle Diomandé is a woman entrepreneur with a long track record in the publishing sector in Côte d'Ivoire. She decided to dedicate her company to children literature, as well as textbooks and exercise books for school use. Comoé Capital has been advising Vallesse since Q1 2017 and invested 45,000 € in the company in company in Q4 2017.



Country Senegal
Launch 2016
Size €6 million
Website terangacapital.com/

€6 MILLION RAISED IN PERMANENT CAPITAL

- Teranga Capital is the first Senegalese fund dedicated to start-ups and SMEs. The fund has invested between €50,000 and €300,000 in promising Senegalese SMEs.
- 7 key investors in the Senegalese landscape, including financial institutions, corporations, a mobile operator and entrepreneurs.



5 TEAM MEMBERS



Olivier FURDELLE

Managing Director

Olivier has worked in venture capital in Europe and emerging markets. He was trained at Solvay Business School.



Mamadou GUEYE

Investment Manager

Mamadou was previously the ABREC CEO's financial advisor on a renewable energy program in West Africa. He also served as Senior Financial Analyst at CGF BOURSE for the WAEMU area.



Fatou DIOP

Senior Investment Officer

Fatou started her career at AXA in ALM in Paris, and then joined FONGIP in Dakar as a quantitative risk analyst, assessing the guarantee files granted to SMEs and MFIs in Senegal.

PORTFOLIO EXAMPLE

CAIF



CAIF is a vocational training center created in 2003 by Ms Drame dedicated to the many Senegalese youths having left school without a diploma. She decided to provide them with a training to learn practical skills and hence to learn a job. CAIF focuses on sewing skills, hairdressing, restaurant and hotels. CAIF offers 2/3 years curriculums that lead to an official diploma given by the Ministry of Education. These curriculum can be followed after secondary school or high school, or as a professional training at any point in time. In 2017, more than 330 students followed the classes of CAIF. An internal survey made by CAIF showed that the CAIF student have a higher employment rate once they graduate. In 2016, Ms Drame decided to retire and to pass the management of the center on to her son. Insa Drame, a young and promising Senegalese professional, has taken over successfully.



Mohamed NGOM

Investment Officer

Mohamed began his professional career in Paris at Crédit Agricole S.A. as a Basel III Ratios Analyst, and later joined Africa Capital Advisors Senegal as a Financial Analyst.



Khadija TOURÉ

Investment Officer

Khadija has previous experience in audit and project management, notably with a 4-year tenure at Deloitte.

SINERGI



PARTENAIRE D' IIP

Country Burkina Faso
Launch 2014
Size €2.5 million
Website sinerigiburkina.com/

€2.5 MILLION RAISED IN PERMANENT CAPITAL

- The first impact fund in Burkina Faso dedicated to SMEs.
- 13 investors, including key regional entrepreneurs and individual investors, national corporations and international impact investors.



4 TEAM MEMBERS



Job ZONGO

Managing Director

Job has significant experience as COO of a microfinance company and as a consultant and financial expert in the agribusiness sector.



Aïcha SAVADOGO

Investment Officer

Aïcha has held positions of Analyst and Manager at the SOFIGIB, a guarantee fund in Burkina Faso. Aïcha has a Master's of Finance from ENSA (Morocco).



Davy SOUBEIGA

Investment Manager

Davy holds a MBA from Georgetown University and has 10 years of experience in finance and the banking sector in Canada and in the US.



Germaine NAGALO

Administrative and Accounting Assistant

Germaine has more than seven years' experience in accounting, organization and financial management support.

2 INVESTMENTS IN THE AGRICULTURAL VALUE CHAIN



AGROSERV

Agroserv is a maize processing company started by a talented Burkinabé entrepreneur, M. Sanon Siaka. Agroserv sources maize from local farmers and processes it into flour, semolina for households and other products. Sinergi Burkina invested in Agroserv in order to support the launch of a brand new production site in Ouagadougou. Since this launch and the investment from Sinergi Burkina, Agroserv has formalized 20 jobs and has raised large amount of yearly working capital from local banks. Agroserv has doubled its turnover since the investment.

Agroserv now plans to expand to the west of the country and launch an outgrower network with the support from the West African Food Markets, in order to buy raw material from 3,000 smallholders through purchase contracts.



Country	Niger
Launch	2006
Size	€1 million
Website	sinerginiger.com/

€1 MILLION RAISED IN PERMANENT CAPITAL

- Sinergi Niger is IPDEV2's pilot fund
- Sinergi Niger has funded **10 SMEs** and exited 5 since its inception.
- Its investment capacity has reached €1 million, and includes funding by a bank, an insurance company, and seasoned individuals investors.



5 TEAM MEMBERS



Ibrahima DJIBO

Managing Director

Djibo has had various management experiences in Nigerian companies and carried out feasibility studies for the launch of companies in Niger, Mali and Burkina Faso. He was responsible for a World Bank project aimed at promoting Nigerian SMEs in the construction industry between 1991 and 1997.



Kamal Yaou ISSOUFOU

Investment Manager

Kamal has had previous experiences as an entrepreneurial consultant and as an auditor at Inforisk in Morocco. He is currently a PhD candidate and works on early financing for SMEs



Thierry Etienne ABRAHAM

Junior Investment Officer

Thierry is currently completing his Master of Accounting-Control and Audit. He was a trainee at Sinergi before joining the team.



Mariama Moussa ABOUBACAR

Junior Investment Officer

Mariama is a junior investment manager at Sinergi Niger. Before taking up this position, she completed two internships at Sinergi, first to support and monitor portfolio companies, then as an investment manager intern.



Nadia Soumaila HAMIDOU

Administrative and Financial Assistant

Nadia is currently pursuing a Master's degree in Accounting, Control and Audit. Before taking up the position of Administrative and Financial Assistant, she completed internships at Sinergi and at the Bank of Africa (BOA).

PORTFOLIO EXAMPLE

EDITION AFRIQUE LECTURE (EAL)

EAL is a publishing and printing company specialized on children literature, school textbooks and exercise books. EAL creates and distributes more 50 000 books nationwide with a very low price affordable for middle class and BoP households, in a context where the State cannot provide such textbooks and exercise books to schoolchildren.

Sinergi's investment was made at an early-stage of the activity, which had remained informal until then. It led to the creation and formalization of 16 jobs and increased the production capacity to increase EAL's impact on schoolchildren throughout the country.



Interview with Alia Drouin

Investment officer at Miarakap

Why did you join Miarakap?

After a few years of experience in microfinance and banking, I wanted to join an investment fund with strong social and environmental impact, in order to be as close as possible to the daily lives of courageous, ambitious and responsible entrepreneurs. It was therefore natural for me to join Miarakap as an investment officer from the beginning of the fund.

What are your main contributions to the company?

As an investment officer, my work is varied. I meet entrepreneurs, analyze their business plans, conduct strategic, financial and operational due diligence on their companies, and present the best cases to the Miarakap Investment Committee. I am also in charge of monitoring portfolio companies in terms of financial performance support and analysis, and monitoring social and environmental impacts throughout the partnership.

What is the benefit of participating in such an initiative and what are the challenges you identify?

Contributing to the Miarakap project really puts me at the heart of the operational problems of brave Malagasy entrepreneurs who operate in a complex social, economic and political context, while giving me the opportunity to have impact by offering them support and financing adapted to their needs. The challenges are numerous, and among them, that of supporting developing SMEs towards complete formalization, while their direct environment (suppliers, customers, competitors...) is mostly informal.

"Each investment is a unique story that requires us to dedicate our skills and networks, but also our creativity and enthusiasm, and this over time."

What do you really appreciate about this project?

What I particularly appreciate about Miarakap is our ability to create a win-win and tailor-made partnership with each entrepreneur to enable them to implement their vision of developing their business.

Interview with Aïcha Savadogo

Investment officer at Sinergi Burkina



What are your main contributions to the company?

As an investment officer, I am in charge of finding new investment opportunities, of conducting the due diligence phase, of negotiating the deals and then of monitoring the portfolio companies. And of course of preparing the exits! As the point of contact for ESG and impact within our team, I am in charge of reviewing the annual ESG action plans compared to objectives set earlier, of monitoring our impact, of ensuring that ESG & impact committees are duly held, and of the ESG reporting. I am also especially involved in following the agribusiness sector for Sinergi Burkina.

What is the benefit of participating in such a project and what are the challenges you see?

Working within the Sinergi Burkina team is as exciting as it is challenging on a daily basis. We need to analyze and understand a very wide variety of sectors. We need to play an active role in defining the strategic options and the growth paths of the SMEs we support. We share several entrepreneurial adventures and support very dedicated teams. We need to be good at legal discussions, financials, management, strategy, marketing... This is very demanding and fascinating. We learn so much!

"I really feel that I am useful, that I am contributing to a noble project... that I am simply contributing in my way to poverty reduction in Burkina Faso."

What do you really appreciate about this project?

The impact of Sinergi Burkina at all levels really drives me day after day. I am especially touched by the large range of impact that we generate in the lives of our partner companies, entrepreneurs, employees, customers, suppliers and small agricultural producers. We contribute to building a sound and formal entrepreneurial fabric of SMEs, with international management standards.

Scaling impact through blended finance

IPDEV2 designs blended finance programs to scale and increase the impact of each impact fund. These programs respond to three key challenges identified by the investment teams: investment-readiness of the pipeline, capacity-building of SMEs and peer learning.

Argidius Foundation €1,192 m

Launches new funds, trains fund managers, promotes networking of entrepreneurs and provides funding



Coopération de Monaco €428,000

Launches new funds in Madagascar and Mali, provides technical assistance to management teams and SMEs, conducts research, impact evaluation and communication (PhD students)



AFD €400,000

Launched the new fund in Côte d'Ivoire, provides technical assistance to SMEs and runs a seed funding program for start-ups



FISEA Proparco €250,000

Provides technical assistance to SMEs and management teams in Mali, Burkina Faso and Niger



USAID \$ 1,178,000

Maintains seed funding program for start-ups in Niger, Burkina Faso and Senegal



European Union Trust Fund €15m

In process: Has maintained a substantial 9-year program with 3 components: provides TA to SMEs and management teams, seed funding to start-ups and guarantee for investors of the African funds



IPDEV2 has raised a **total of €19 million** in grant resources that complement the equity investment program. These grants are decisive in rolling out and achieving IPDEV2's strategy and impact results and are used primarily to provide (i) support during the launch phase of each fund, (ii) TA to the management teams and portfolio SMEs, (iii) seed funding resources to accelerate the due diligence process, (iv) guarantee to investors, (v) evaluation and research.

PROMOTING ESG BEST PRACTICES

GENDER

GOVERNANCE

FORMALIZATION

ENVIRONMENT

Women's access to decent jobs and leadership positions

IPDEV2 has made the strong commitment to develop a pipeline of women-impact SMEs. This commitment is aligned with I&P's gender strategy, which outlines how women entrepreneurs are well represented in the informal sector but that the key challenge for them is to access higher value-added activities in the formal sector.

Women-impact SMEs include companies:

- Where women are **empowered in decision-making processes** as shareholders, board members and CEOs
- That focus on **women's inclusion** - providing essential goods and services for women and/or implementing specific support programs for women as employees or small-scale suppliers/distributors

Beyond its achievements with entrepreneurs, clients, and employees, I&P has been an active advocate for the promotion of women.

On International Women's Day (8th March), 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".

- I&P realized a series of portraits of women entrepreneurs in 2018 and shared widely through our website and newsletter
- I&P actively participated in Women in Africa and other events related to gender issues
- I&P continues to advocate for women entrepreneurship as one of our key objectives

FOCUS

2X CHALLENGE
FINANCING FOR WOMEN

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.

64% of IPDEV2's portfolio companies satisfy the 2X Challenge criteria

44% of these companies satisfy two or more criteria

IPDEV 2's alignment with I&P's objectives

WOMEN IMPACT SMEs

IPDEV 2	I&P GENDER STRATEGY
53% of women impact SMEs	40% or more of women-impact SMEs

LEADERSHIP AND BOARD

IPDEV 2	AFRICA*
21% of board members	14% of board members*
20% of senior leadership positions	23% of executive committee members*

* Source: Women Matter, Africa, McKinsey, 2016

IPDEV 2 TEAMS AND GOVERNANCE

IPDEV 2	I&P GENDER STRATEGY
52% of female employees on IPDEV 2 teams	40-60% of female employees
26% of female members in governance entities of IPDEV2	50% of females in governance entities as ultimate goal



SDG 5 - Achieve gender equality and empower all women and girls

Building a strong ESG governance in all of the funds

Each African fund has a **Board of Directors, an Investment Committee and a coordinator in charge of ESG issues**. The funds' investors are also strongly involved in the governance of each fund, as members of the Board of Directors, Investment Committees, etc.

FOCUS: Members of governance bodies



**Azeta
OUEDRAOGO**

Entrepreneur and CEO; chairperson of the Board of Sinergi Burkina



**Barijaona
RAMAHOLIMIHASO**

Board Member; Audit, ESG & Impact Committee Member, Miarakap; General Secretary of BNI Bank

Promoting mission-driven governance

AT AFRICAN FUNDS LEVEL

SINERGI NIGER	<ul style="list-style-type: none"> ✓ Appointment of 4 members ✓ Held first meeting in January 2018 	<ul style="list-style-type: none"> ✓ Appointment of the team coordinator (CEO) ✓ IC member with specific ESG focus assigned
SINERGI BURKINA	<ul style="list-style-type: none"> ✓ Appointment of 4 members ✓ First meeting held in January 2018 	<ul style="list-style-type: none"> ✓ Appointment of the team coordinator (Investment officer) ✓ IC member with specific ESG focus assigned
TERANGA CAPITAL	<ul style="list-style-type: none"> ✓ Appointment of 4 members ✓ 2nd and 3rd meetings held in Q1 2018 	<ul style="list-style-type: none"> ✓ Appointment of the team coordinator (CEO) ✓ IC member with specific ESG focus assigned
COMOÉ CAPITAL	<ul style="list-style-type: none"> ✓ Appointment of 4 members ✓ First meeting held in Q4 2018 & work sessions 	<ul style="list-style-type: none"> ✓ Appointment of the team coordinator (Investment officer) ✓ IC member with specific ESG focus assigned
MIARAKAP	<ul style="list-style-type: none"> ✓ Appointment of 4 members ✓ First meeting held in Q4 2018 	<ul style="list-style-type: none"> ✓ Appointment of the team coordinator (Investment officer) ✓ IC member with specific ESG focus assigned

AT IPDEV 2 LEVEL

IPDEV2 EXTRA-FINANCIAL COMMITTEE

Submits proposals to the Board with regard to:

- ✓ Overall evaluation of the performance
- ✓ ESG & impact strategy and management system
- ✓ Annual analysis of the extra-financial performance
- ✓ Reputational risk management
- ✓ ESG & impact team
- ✓ ESG & impact based incentive structure for IPDEV team

EXTRA-FINANCIAL GOVERNANCE OUTCOMES

Bi-annual extra-financial committee meetings: 2 meetings held in 2018/2019

Additional work sessions dedicated to the evaluation of performance.

The meetings were largely devoted to the assessment of the performance of IPDEV2 led by the committee. This assessment was conducted three years after launching the fund, as planned in the legal documents.

MEMBERS

Includes investor representatives and independent members:

- **Pierre ARQUIÉ**, Congrégation Notre-Dame
- **Didier KAUFFMAN**, IPDEV 2 private investor
- **Sylvie LEMMET**, French Court of Auditors
- **Philippe LEVEQUE**, CEO, Care France
- **Priscilla ROZÉ-PAGÈS**, Inclusive Business Global Manager, Air Liquide
- **Sally WALKERMAN**, Senior Executive, Small Foundation

Implementing good governance in the SMEs financed

1

IMPLEMENTATION OF A SHARED GOVERNANCE

Portfolio SMEs work with a shareholder representative body (Board or Strategic Committee) to manage the company in a concerted manner. Such shared governance helps entrepreneurs feel less isolated. Governance bodies usually include the entrepreneurs, one or two investor representative(s), other minority shareholders and in some cases one independent member.

2

UPGRADING OF ACCOUNTING AND REPORTING PRACTICES

The African funds enforce integrity and do not tolerate corruption or other illegal practices, even if it means giving up an investment opportunity.

3

ZERO TOLERANCE POLICY FOR FRAUD AND CORRUPTION

The African funds invest in early-stage and fast growing companies, which usually need to strengthen financial and accounting practices to enable both management and shareholders to adequately track company performance. The following actions are implemented:

- Annual audits of the company accounts to ensure reliable accounting practices that fully comply with fiscal obligations.
- Technical assistance provided to a majority of companies, in order to build internal reporting capacities and enhance the reliability of the accounts.

Training and review of the ESG/Impact methodology



TRAINING SESSIONS

An ongoing training effort to increase our standards

In 2018, several sessions dedicated to ESG/impact involved CEOs of IPDEV 2's African funds:

- The October 2018 session focused on the main ESG challenges at all stages of the investment cycle, based on a sharing among the investment teams CEOs of experiences and best practices. Several training sessions were organized throughout the year by I&P on ESG & impact evaluation and monitoring tools for the funds' team members.
- Specific training received by the Miarakap team focused on biodiversity issues in Madagascar through the partnership with CEPF.



REVIEW OF CURRENT IMPLEMENTATION OF THE METHODOLOGY

After over three years of practical implementation

STRENGTHS

Strong commitment to ESG & impact matters, including gender equality,

Teams are eager to build on I&P's methodology, which is considered as a key competitive asset.

Good adoption of the ESG methods: satisfactory ESG risk assessment and ESG due diligence.

Timely collection of reliable impact metrics among portfolio companies.

Implementation of employee health insurance systems in all of the Senegalese investments.

AREAS FOR IMPROVEMENT

High priority currently given to SMEs' formalization processes, especially for the employees, where delays for some SMEs have been registered in Burkina Faso and Niger.

The performance on ESG closely linked to general performance

Strong job creation potential, but limited, given the cost of the initial formalization process and recentness of underlying investments.



SDG 16 - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Progress toward job formalization

225 jobs were formalized in the SMEs since investment

IPDEV 2

More than **68%** of jobs are formal in 2018



AFRICA

Less than **28%** of employment is formal¹

SITUATION AT 2018 YEAR END

The formal job rate improved in 2018. Transition to formality is expected but is sometimes too slow, especially for employee-formalization. After investment, **SMEs have 1 year maximum to fully comply with the law.** As detailed in the table below, the situation in SMEs varies greatly.

For companies lagging behind, we have learned that:

- The cost of formalization is sometimes under-estimated.
- Becoming formal is a gradual process that includes several requirements: a written contract, tax status, health coverage...

Based on this experience we have implemented the following next steps:

- Commitments on formalization in shareholder agreements
- Successive disbursements subject to progress on formalization
- Ongoing training of entrepreneurs and top management
- Support in the form of technical assistance in the formalization process

¹Source: McKinsey, *Africa at Work, Job creation and inclusive growth, 2012*

HEALTH INSURANCE

In West Africa, 3% to 20% of the population have access to health coverage². Formal employees in portfolio SMEs gain access to an initial layer of social benefits, including retirement pensions, coverage for maternity, work accidents, disability, death, and medical hospitalization in some cases.

In Senegal, all portfolio SMEs have implemented complementary systems based on Senegalese intercompany health insurance (IPM), thus providing a medical coverage for employees.

²Source: data compiled from Precker and coll. (2010), Barroy and coll. (2015)

FOCUS: A better understanding of the formalization process

Two in-depth impact studies were conducted in Senegal and Madagascar in 2018 to identify areas for improvement. ▶ [See more p.33](#)



SDG 3 - Ensure healthy lives and promote wellbeing for all at all ages
SDG 3.5 - Achieve universal health coverage



SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Invest to preserve biodiversity and ecosystems

Miarakap (Madagascar) has an investment component specifically dedicated to preserving biodiversity and natural ecosystems, with the support from the Critical Ecosystem Partnership Fund (CEPF)

Since starting the partnership:

- 21 SMEs with potential positive impact on biodiversity have been identified and three are being actively studied.
- 3 field missions to build the team's expertise on biodiversity conservation have been undertaken.
- A biodiversity conservation strategy is being built and has already been discussed with the ESG and Impact Committee.

Miarakap's is gradually positioning itself as a leader investor for biodiversity-friendly businesses in Madagascar :

- 3 press articles have mentioned its partnership with CEPF
- An initial investment should be made in the upcoming months, enabling Miarakap to proceed with its plan to increase communications, establish partnerships and organize workshops and events



Forest and biodiversity in Madagascar

Madagascar's biodiversity

Madagascar is a mega-biodiversity zone and one of the world's 10 biodiversity hot spots. Its unique natural heritage is severely threatened with extinction by numerous pressures of human origin. 44% of its natural forests have disappeared in the last 60 years .
(CIRAD, 2018; Goodman & Benstead 2005)

FOCUS: VATEL in Madagascar



VATEL is an international hotel and tourism business school. The Madagascar branch was launched in 2014 by Falihery RAMAKAVELO. In December 2018, Miarakap approved an investment in VATEL Madagascar, notably to allow the opening of the new Morondova campus, which will offer a Master of Ecotourism beginning in October 2019.

The integration of environmental awareness into the training of tourism stakeholders is crucial, as tourism continues to have drastic consequences on the environment. The development of eco tourism also presents an important opportunity for environmental protection because tourism makes it possible to generate alternative sources of income for rural populations, thus reducing the pressure linked to subsistence agriculture.

VATEL Madagascar's training program addresses this issue :

- The creation of a Master of Ecotourism will strengthen awareness among foreign students of the critical environmental issues in Madagascar.
- Over 140 hours of courses already cover the theme of environmental protection, representing at least 17% of the total pedagogical content (approximately 820 hours over three years of a bachelor's degree)
- The program's location in Morondava is particularly relevant given the region's rich biodiversity that boasts several natural parks and protected areas.



SDG 15 - Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

AN IMPACTFUL SME PORTFOLIO

ENTREPRENEURS

EMPLOYEES

CLIENTS

SUBCONTRACTORS

Financing African entrepreneurs

In total **21** African SMEs are financed and supported by IPDEV 2's African funds, all led by African entrepreneurs. This report covers the **16** companies currently in the portfolio, including 6 in Niger, 2 in Burkina Faso, 4 in Senegal, 3 in Cote d'Ivoire and 1 in Madagascar

ENTREPRENEUR PROFILES

The entrepreneurs supported through IPDEV 2 possess a high level of education and significant professional experience.

- ➔ **95%** have a university level education
- ➔ **43** years old on average
- ➔ **12** years of experience in their respective sectors
- ➔ **9** years of experience in corporate management positions



Siaka SANON, Directeur of AgroServ, with his team.
© Béchir Malum, 2016

COMPANY PROFILES



100% of companies operating in Least Developed Countries or Fragile Countries



Companies have **doubled their size** (turnover) on average since the investment

HIGH CATALYTIC EFFECT OF AFRICAN FUNDS' INVESTMENT IN EARLY-STAGE SMES

On average, for every euro invested by a local fund, €1.8 is raised from other investors



SDG 17 - Strengthen the means of implementation and revitalize the global partnership for sustainable development

USAID Partnership to Accelerate Entrepreneurship (PACE) initiative

This program aims to develop a new acceleration model in the Sahel, through the creation of a seed funding mechanism carried out by IPDEV2 funds in the region. Its goal is to bridge the gap of investment-readiness for high potential start-ups and Small Growing Businesses (SGBs) in Senegal, Burkina Faso and Niger.

TARGETS



3 countries in the Sahel region



Accelerating **52 SGBs**



Unlocking **USD 5.6 million**

IMPACTS TO DATE

As of **March 2019**, 14 SGBs have been funded. The total amount disbursed is over USD 460,000.

Gender

64% of the supported entrepreneurs are women. This is quite an achievement in countries such as Burkina Faso and Niger where women entrepreneurship is less developed.

Employment

208 jobs have been sustained

40 jobs have been created

35 jobs have been formalized

ZOOM : ETOUNATURE



Etounature is a woman-led agribusiness and cosmetics company focused on medicinal plants and organic products. The entrepreneur already has two shops and an online shopping platform. She is also present at numerous events in Senegal, neighboring countries and in Europe.

Thanks to the PACE initiative with Teranga Capital, the funding amount of USD 33,000 was approved and disbursed to the company. The funds will be used to acquire equipment and commodities to grow the business and will be reimbursed over a two-year period. **The company received its seed funding in June 2018 and its revenue has already increased by 58% compared to last year.**



Financial accounting and fiscalty workshop held in Niamey in December 2018

Creating better and decent jobs (1/3)

According to the International Labor Organization, a decent job is defined as one with access to productive and adequately paid work, safety in the workplace, social protection for families, better prospects for personal development and social integration, freedom of association and of speech and equal treatment for men and women. Under this framework, we monitor working conditions within our portfolio in order to promote the creation of sustainable, decent and inclusive jobs:

1 DIRECT AND INDIRECT JOBS



DIRECT JOBS CREATED IN 2018

333 jobs created or maintained
of which **86** were new jobs in 2018



DIRECT JOBS (2017 SCOPE-STEADY)

230 jobs created or maintained,
Of which **59** job creations



INDIRECT JOBS

1,682 jobs created to date*
of which **55%** are in agriculture, **11%** in catering and food and **21%** in health and education

* Based on the "input-output" methodology developed by Nobel Laureate economist Wassily Leontief to measure the effects of economic value added and indirect jobs in the economy compiled from the international trade analysis data of the GTAP (Purdue University, US). It is a database that describes the pattern of bilateral trade, and the production, consumption and intermediate use of goods and services with more than 100 tables for individual countries or groups of countries and 57 sectors (including all countries and sectors in which we invest).

WHAT ABOUT JOB CREATION ?

In 2018, most of the companies in the portfolio created jobs, most of which were formalized in the investment phase. These include Chicky (MAD), CAIF (SEN) and La Clinique du Cap Vert (SEN).

Job creation is a dynamic that is gradually taking hold in companies that are in a phase of strong growth. Companies supported by the new local funds (Teranga Capital, Comoé Capital and Miarakap) are expected to strengthen this momentum in the coming years, particularly in key sectors such as education, health, agriculture and energy.

1 JOB = 1 FAMILY

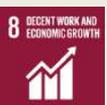


More than
3,060** total
family members
supported by employees
in 2018

** 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.)



SDG 1 - End poverty in all its forms everywhere
SDG 1.1 - Eradicate extreme poverty



SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Creating better and decent jobs (2/3)

2 INCLUSIVE JOBS

YOUTH

CONTEXT: YOUTH AND LABOR MARKET IN AFRICA

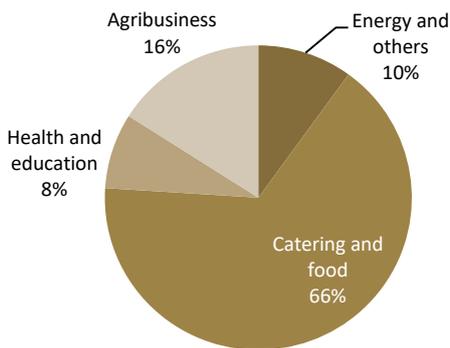
Africa has **420 million young people**¹ and this figure is expected to grow to **830 million by 2050**. Africa also has 36 of the 40 youngest countries in the world in terms of population.

While **10 to 12 million young people arrive each year on the labor market**, only 3 million formal jobs are created annually. Most young people in Africa are unemployed or in precarious or informal jobs.²

IPDEV 2 **17%** Employees are young people

AFRICA **10%** of youth find a job corresponding to their abilities

DISTRIBUTION OF YOUNG PEOPLE BY SECTOR (IPDEV 2 PORTFOLIO)



¹ "Young person": employee below 25 years old
² Source: AFDB, 2018

GENDER

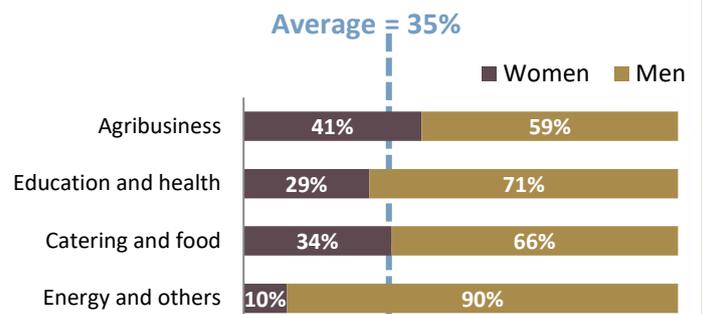
CONTEXT: WOMEN AND LABOR MARKET IN AFRICA

IPDEV 2 **35%** of investees' employees are women

AFRICA* **45%** of employees

*Agribusiness and catering and food companies tend to employ the largest shares of women.

GENDER BREAKDOWN IN IPDEV 2'S PORTFOLIO BY SECTOR

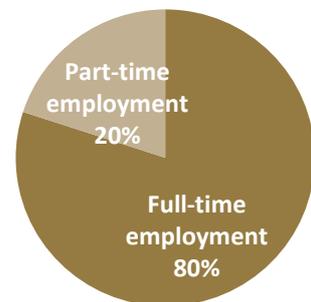


3 STABLE JOBS

A MAJORITY OF FULL-TIME JOBS BUT FEW PERMANENT JOBS

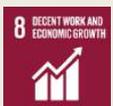
Focus on seasonal jobs

In addition to the 333 jobs in the portfolio's SMEs, IPDEV's portfolio companies recruited 245 seasonal jobs in 2018, providing additional income to many low-skilled workers. More than 70% of seasonal jobs are in agribusinesses, including Halal, Siatol and Agroserv.



SDG 5 - Achieve gender equality and empower all women and girls

SDG 5.5. - Ensure women's full and effective participation and equal opportunities for leadership



SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

SDG 8.6. - Reduce the proportion of youth not in employment

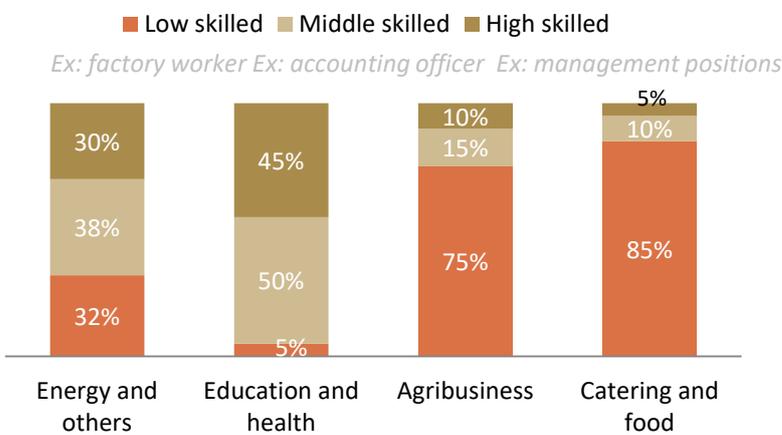
Creating better and decent jobs (3/3)

4 SKILLS DEVELOPMENT

6% of employees have received training in the past year.

Approximately **€300** of average training cost per employee

EMPLOYMENT BREAKDOWN BY QUALIFICATION AND BY SECTOR

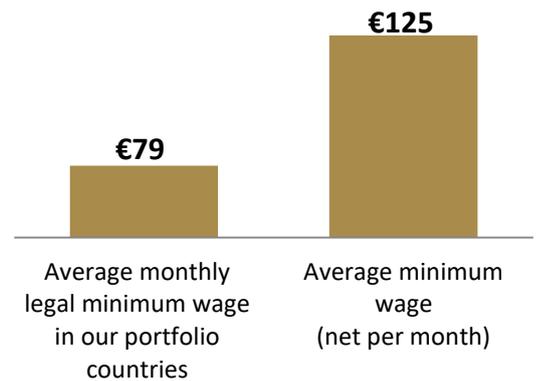


- **Service and education** sectors employ a large number of highly skilled and middle-skilled employees and offer training opportunities.
- **Increasingly highly qualified women:** Highly skilled women represent 33% of highly skilled employees in Cote d'Ivoire (Comoé Capital) and 30% in Senegal (Teranga Capital).
- **The agribusiness sector** accounts for the majority of low-skilled jobs, mainly in agricultural processing plants. It provides a stable and steady income to low-income people with a lack of education.

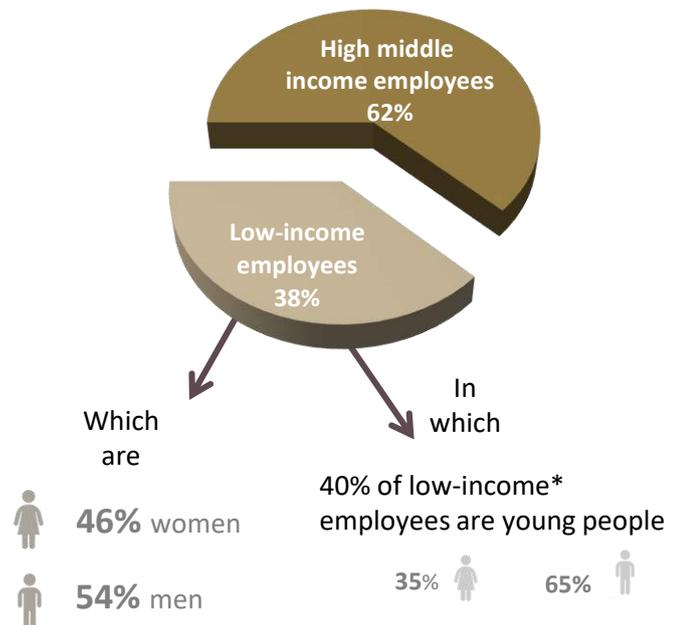
5 DECENT WAGE

WAGE LEVEL

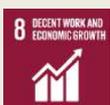
1.6x legal minimum wage



LEVEL OF INCOME OF EMPLOYEES



* "Low-income": persons earning less than \$10 per day, based on a 2011 purchasing power parity index



SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Providing SDG-aligned essential goods and services

FOOD

Golden Nuts and Grain (Senegal): Production of natural juices from local products such as bouye, bissap and ginger

UNIFAM (Niger): Manufacturing of agro-equipment

CHICKY (Madagascar): Fast-food chicken

RAMA CEREAL (Côte d'Ivoire): Processing of cereals such as millet, maize and rice

12,300+ tons

of cereal purchased (Siatol, Rama Cereal, Agroserv)



13.8 tons of chicken bought from local producers (Chicky)

EDUCATION

EDITIONS AFRIQUE LECTURE (Niger): Production of school textbooks and exercise manuals

CAIF (Senegal): Vocational training, primarily for young women

VALLESSE (CI): Publication of books and textbooks



413,326

schoolbooks published or produced and distributed (Vallesse and EAL)

219 women trained (CAIF)



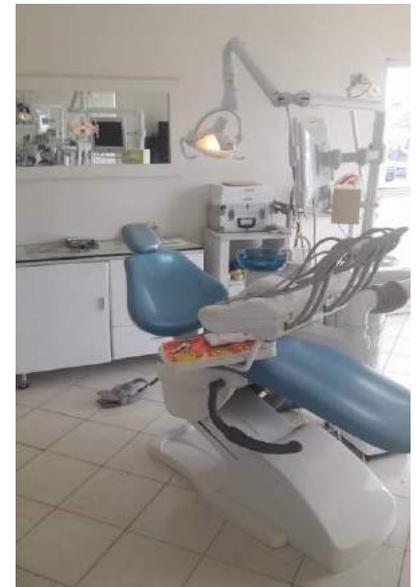
HEALTH

CLINIQUE DENTAIRE LE CAP VERT: Access to high quality oral care



984

dental treatments



Clinique Dentaire le Cap Vert, Senegal



SDG 2- End hunger, improve nutrition and promote sustainable agriculture

SDG 2.a / 2.4 / 2.3 - Ensure agricultural productivity and incomes for small-scale food producers in developing countries toward sustainable and resilient food production systems



SDG 3 - Ensure healthy lives and promote wellbeing for all at all ages

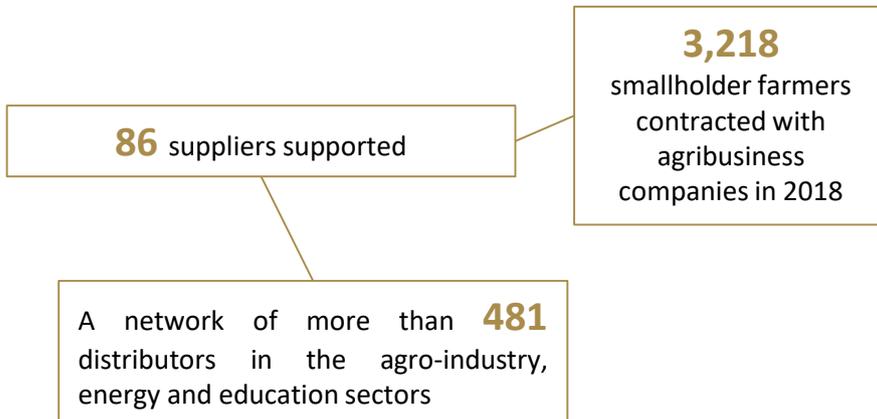


SDG 4 - Ensure inclusive and equitable quality education

SDG 4.1 / 4.3 / 4.4 - Ensure equal access to primary, secondary and tertiary education for both men and women in an inclusive environment

SMEs support their own local subcontractors

• RIPPLE EFFECT ON SUPPLIERS •



• SUPPORT PROGRAMS •

About **3,191** local suppliers and distributors were monitored and supported in 2018

→ AGROSERV

Structuring of a network of more than **3,000** smallholders in maize farming. This structuring has made it possible to organize small producers into groups and provide them with agricultural equipment (tractors, motor pumps, inputs, etc.).

→ EAL

20% discount for small textbook distributors to structure their distribution network.

→ VALLESSE

Support to a network of **15** small distributors by supporting Mobile Money transfer costs and commercial discounts.

→ HALAL

Structuring of a network of more than **191** small contracting vendors and contracted producers who supply mobile vendors

• ASSISTANCE AND STRUCTURING OF NETWORKS •

3 companies support smallholder farmers with financing & technical assistance:

Siatol (Burkina Faso) is providing its network of **160** smallholders with pre-financed inputs (seeds, small equipment), technical assistance throughout the growing period, farm visits and purchase contracts with a bottom price and premium based on quality and quantity of produce.

Halal (Niger) trains **41** smallholder farmers in various areas :

- Seed multiplication techniques
- Post-harvest techniques
- Commercial support
- Experimentation on demonstration plots

Agroserv (Burkina Faso) provides its network of more than 3,000 smallholders access to agricultural equipment (tractors, motor pumps), agricultural seeds and other inputs.



Agroserv, Burkina Faso, 2018



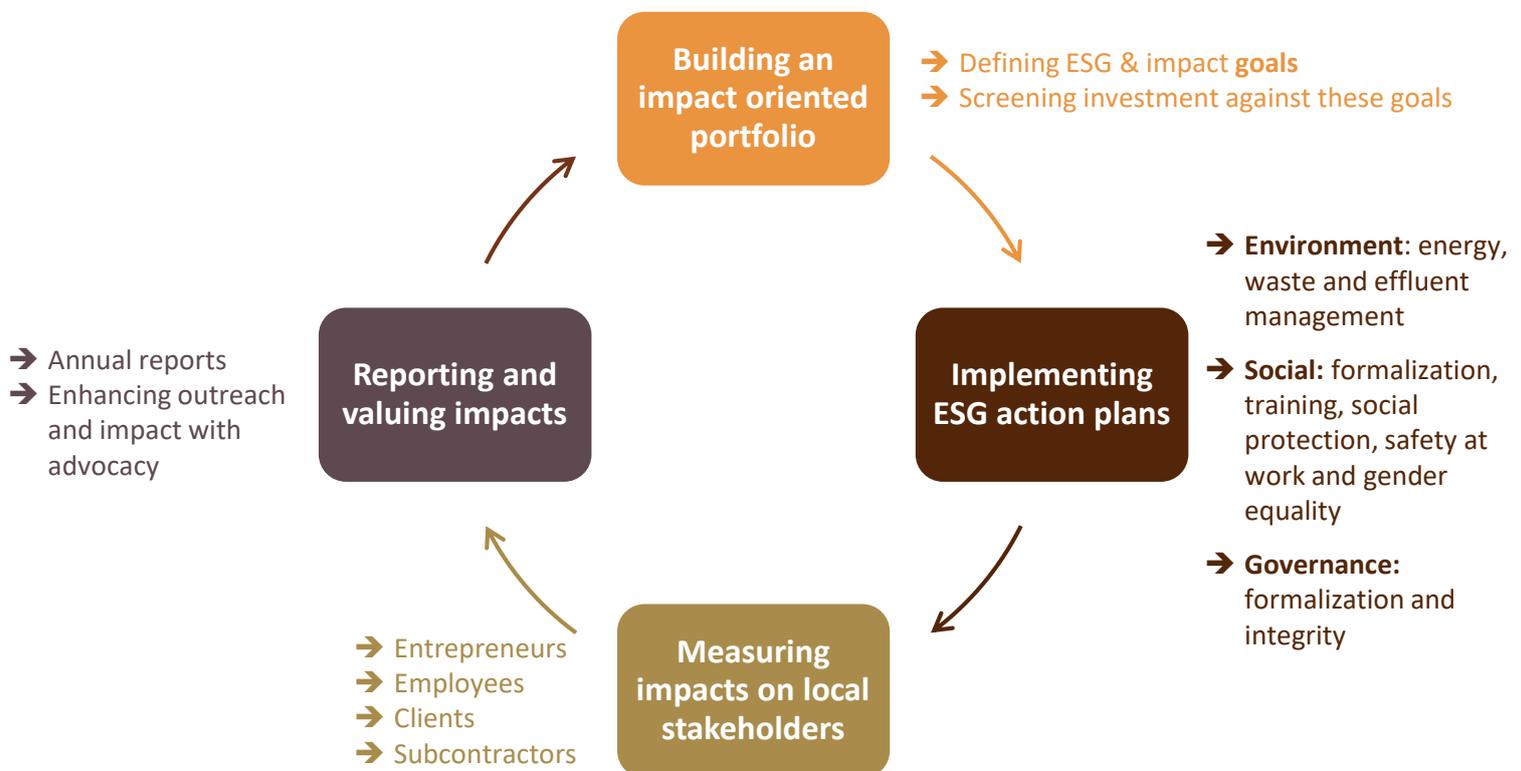
SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

METHODOLOGY AND IMPACT



Pursuit of specific impact objectives and strong ESG performance

The I&P team implements an impact management wheel throughout the investment process:



FROM ESG TO IMPACT



Screening and monitoring on ESG & impact during investment and until exit

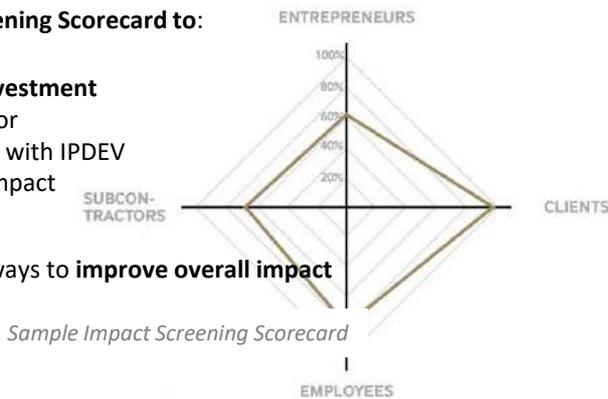
IMPACT SCREENING

IMPACT MONITORING

Assessing potential impacts

The investment team uses I&P's **Impact Screening Scorecard** to:

- **Screen investment projects** for alignment with IPDEV 2's core impact objectives
- Identify ways to **improve overall impact**



Evaluating ESG risks and opportunities

- The investment team rates **ESG risk** (high, medium or low), as well as ESG opportunities (high, medium or low)
- ESG risk rating categories are based on **international standards** (IFC, CDC).

Sample ESG categorization matrix

	RISK	OPPORTUNITIES
E	Medium	High
S	Medium	High
G	Low to medium	

Conducting ESG due diligence

Due diligence includes an **in-depth analysis of ESG-related matters as an integral part of the assessment and is performed in close conjunction with:**

- **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.

Implementing ESG action plans to generate economic and societal value

African funds work with partner companies on **ESG actions** that generate economic value and are fully integrated into partner/investee company operations.

Partner companies legally undertake the implementation 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 results

IPDEV 2 measures African fund investee performance annually with an **in-house information management tool** based on IRIS metrics. Close to **40 indicators** are collected on a declarative basis and analyzed every year to assess partner companies' impacts on their local stakeholders.

STAFF	CLIENTS
<ul style="list-style-type: none"> Job creation Job patterns (gender, wages, etc.) Employee training and other advantages 	<ul style="list-style-type: none"> ✓ Quantity of goods/services provided (company-specific metrics) ✓ Number of clients (company-specific)
SUPPLIERS & DISTRIBUTORS	NATIONAL VALUE ADDED
Number and share of local suppliers and distributors	Contribution to state revenues, GDP and exports

CASE STUDY SIATOL (2016-2017)	
<p>Founded in 2010 by Marcel Ouédraogo and supported by Sinergi Burkina since 2015, Siatol works with a network of more than 3,000 smallholder farmers.</p> <p>Smallholder farmers: SIATOL provides farmers access to a</p>	<p>new cash crop that increases their income.</p> <p>Employees: First wage-paying job for 30% of employees</p> <p>Poultry farmers: A 38% increase in profitability through a higher egg-laying rate</p>

Ensuring good impact management after exit

I&P selects buyers who **allow for the durability 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.**

ENHANCING OUTREACH & IMPACT WITH ADVOCACY

Two impact studies on formal employment

I&P and FERDI (Foundation for Studies and Research on International Development) carried out two studies in 2018, one in Madagascar and one in Senegal, **to explore the social and economic impacts of formal employment.**

More than 400 employees were interviewed, including a significant share of employees from IPDEV 2's portfolio.



[Read more about the study in Senegal](#)



[Read more about the study in Madagascar](#)

Highlight on IPDEV 2 entrepreneurs

I&P interviewed several entrepreneurs supported through IPDEV 2 funds. The interviews were featured in I&P's quarterly newsletters, on its website and on social media, as well on the blog [Entreprenante Afrique](#).



Fidèle Diomandé,
VALLESSE EDITION



Aramatou Coulibaly,
RAMA CEREAL



Sylvie Sagbo
Les Délices de Lysa

FOCUS: Entreprenante Afrique blog

In November 2018, I&P, FERDI and the African Club of Entrepreneurs launched the blog *Entreprenante Afrique* (or *Enterprising Africa*), a unique platform for African entrepreneurs to express and share their ideas. This blog encourages spontaneous contributions and the sharing of results gathered from the research on African entrepreneurship. Find out more on www.entreprenanteafrique.com/

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