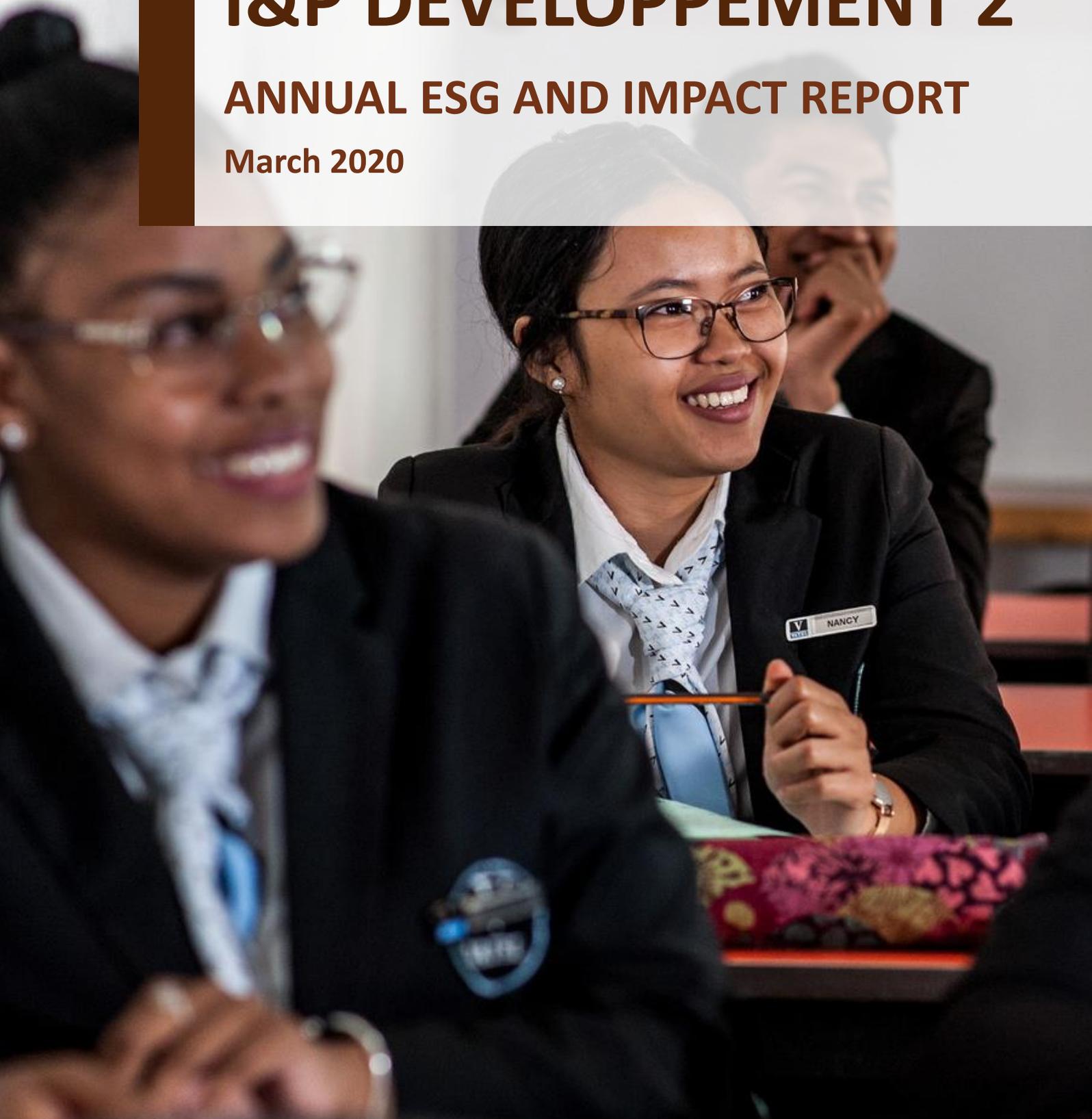


I&P DÉVELOPPEMENT 2

ANNUAL ESG AND IMPACT REPORT

March 2020



FOREWORD



Jean-Michel SEVERINO
*President & CEO,
I&P*



David MUNNICH
*Executive Director,
I&P Acceleration & I&P
Development*



Issa SIDIBE
*Co-founder & Director,
Comoé Capital*

I&P's mission is to reach major development outcomes in Africa through supporting the emergence of a new generation of responsible entrepreneurs. Specifically, IPDEV 2's participation in this mission is to allow the birth and the expansion of African national equity investment teams dedicated to startups and SMEs. This eventually percolates in the creation and the development of formal businesses, which become more professional, more responsible, more productive and more inclusive, particularly in terms of gender inclusion. We believe that formal SMEs have a key role to play in improving the work conditions and health of their employees, as well as reducing their environmental footprint. As this report shows, more than 12,000 direct and indirect jobs are linked to the SMEs financed via IPDEV 2, but important development results are met by the impact of these SMEs on their clients, suppliers, staff, and communities within which they operate.

This IPDEV 2 impact report for 2019 is issued at a time when all of us are confronted with the Covid-19 crisis. This crisis is already taking a heavy toll on lives in Sub-Saharan Africa through the health consequences, and even more drastically through the economic consequences. Unemployment and poverty are soaring in many countries. The virus is already hitting SMEs and entrepreneurs in Africa hard through several channels: interruption of supply chains, distribution channels and workplace access for the teams. Liquidity shortages are increasing and some companies that would thrive in normal times are now facing a lethal threat.

At IPDEV 2, we made sure that the SMEs within the portfolio implemented the necessary sanitary measures and social distancing protocols, had accessed to the sanitizer and masks they needed, worked remotely when possible, and closed down in some places when the public authorities mandated such measures. We also support new initiatives which address directly the management of the pandemics.

Saving jobs and supporting companies get through the crisis is key to reducing its cost in terms of development and in helping the economies pick up and recover. With the help of the European Union (EU), the Agence Française de Développement (AFD) and USAID, we are now implementing new seed investment and capacity building resources targeting startups and the most early-stage businesses. They will allow supporting businesses facing important Covid-19 related financial challenges, but also the emergence of new initiatives, which can be critical to accelerate the necessary rebound of the hard-hit African economies.

This year the African continent will face its first recession in 25 years due to the economic crisis triggered by Covid-19, as opposed to the strong dynamic that had been in place in recent years in most countries. The key unknowns are the depth of the crisis, its long-term social impact, and the ultimate speed of the recovery. At Comoé Capital in Cote d'Ivoire, the past years had allowed us to accelerate the investment pace and provide strong support to the growing portfolio of SMEs. This support has continued during the Covid-19 crisis, of course, and we have so far managed to maintain the activity of all the companies and most of the jobs. Some businesses have had to modify their organization, some even faced peaks in sales. Tropic105 started producing masks overnight. The ongoing experience of turmoil of all kinds has taught Ivorian SMEs and entrepreneurs resilience the hard way. But this time, the Covid-19 crisis has also changed in the way we live and operate, and there is no going back. Business models will need to adjust: digitalization is becoming a must for all aspects of business, for orders, content, payment and delivery. The health impacts and environmental footprint of businesses will undoubtedly be taken more into account by customers and staff. Locally sourced and organic products will be preferred and will help to structure more local and responsible value chains. The purchasing power of customers will also be lower after the crisis and the value propositions of the products will need to be better identified. In this regard, the support Comoé Capital provides is only becoming more relevant in the « new normal ». Entrepreneurs will need financial and strategic support in the long term to surmount these new challenges and generate more impact.

SUMMARY

1

Our Framework and Objectives

Overview	p.7
Key Results	p.10
Covid-19 Impact	p.11

2

Launching Impact Funds

5 Funds to date	p.12
Blended Finance	p.21

3

Promoting ESG Best Practices

Gender	p.23
Governance	p.24
Formalization	p.25
Environment	p.26

4

An Impactful SME Portfolio

Entrepreneurs	p.28
Employees	p.30
Clients	p.34
Subcontractors	p.35

5

Methodology and Impact

Impact Management Wheel	p.36
Impact Process	p.37

6

Enhancing Outreach and Impact with Advocacy

p.38

SUMMARY

Our mission

The challenge: unlocking Africa's job creation potential

By 2050, Africa is expected to see **450 million people enter the job market, while only 220 million jobs are anticipated to be available**. Accelerating job creation requires a focus on startups and SMEs: this is key to ensuring the sustainable development and political stability of the continent.

Most African SMEs are still operating on a small scale due to a lack of funding. They require between 50,000 and 500,000 EUR in funding in order to scale. Yet very few investors are able to provide them the financing and managerial support needed to help these SMEs businesses to expand their operations.

Fostering the growth of these small-scale businesses, and Africa's future job creators; requires the emergence of new impact fund managers who can leverage local capital and build innovative models that offer a financing adapted to the needs of African SMEs.

IPDEV 2's approach to sponsoring African fund managers

IPDEV 2 is building the first community of African impact funds managers dedicated to early-stage and Small and Growing Businesses (SGB).

Our mission is to share methodology of equity investment and sponsor newly started African investment teams based in Africa via in-depth partnership designed to launch their activities and address their main challenges. IPDEV 2 provides a wide range of support, including anchor investment, grants, tools, coaching and a network of African and international mentors, investors, and entrepreneurs. IPDEV 2 also leverages African capital to fuel the growth of these most promising SMEs.

The network of fund managers is a community through which fund managers can share values, experiences and a common goal of growing early-stage SMEs and SGBs. It provides continuous capacity building and peer learning opportunities to enable members to improve on their practices and increase their overall impact.

Macroeconomic context

450m

of young people in the job market by 2050

only **220m**

jobs anticipated to be available

IPDEV 2's long-term impact objectives

10

African funds

500+

SMEs financed

15,000

jobs created or maintained



ANCHOR INVESTMENT

Provides 20% to 40% of the fund's investment capacity. The rest is raised from African and international investors.

Provides a soft loan to the fund enabling back-to-back debt investments.



TOOLS

Develops a set of tools that cover the main areas of fund management (due diligence & investment, SME support, financial management & reporting, ESG and impact, and communication).



TECHNICAL ASSISTANCE

Provides hands-on support at every stage of the fund launch and investment process, building of strategic partnerships and investor relations.



NETWORK

Offers a pan-African and international network that brings together African and international investors, experts and mentors, entrepreneurs and other stakeholders (providers of technical assistance, incubators and co-investors, etc.).



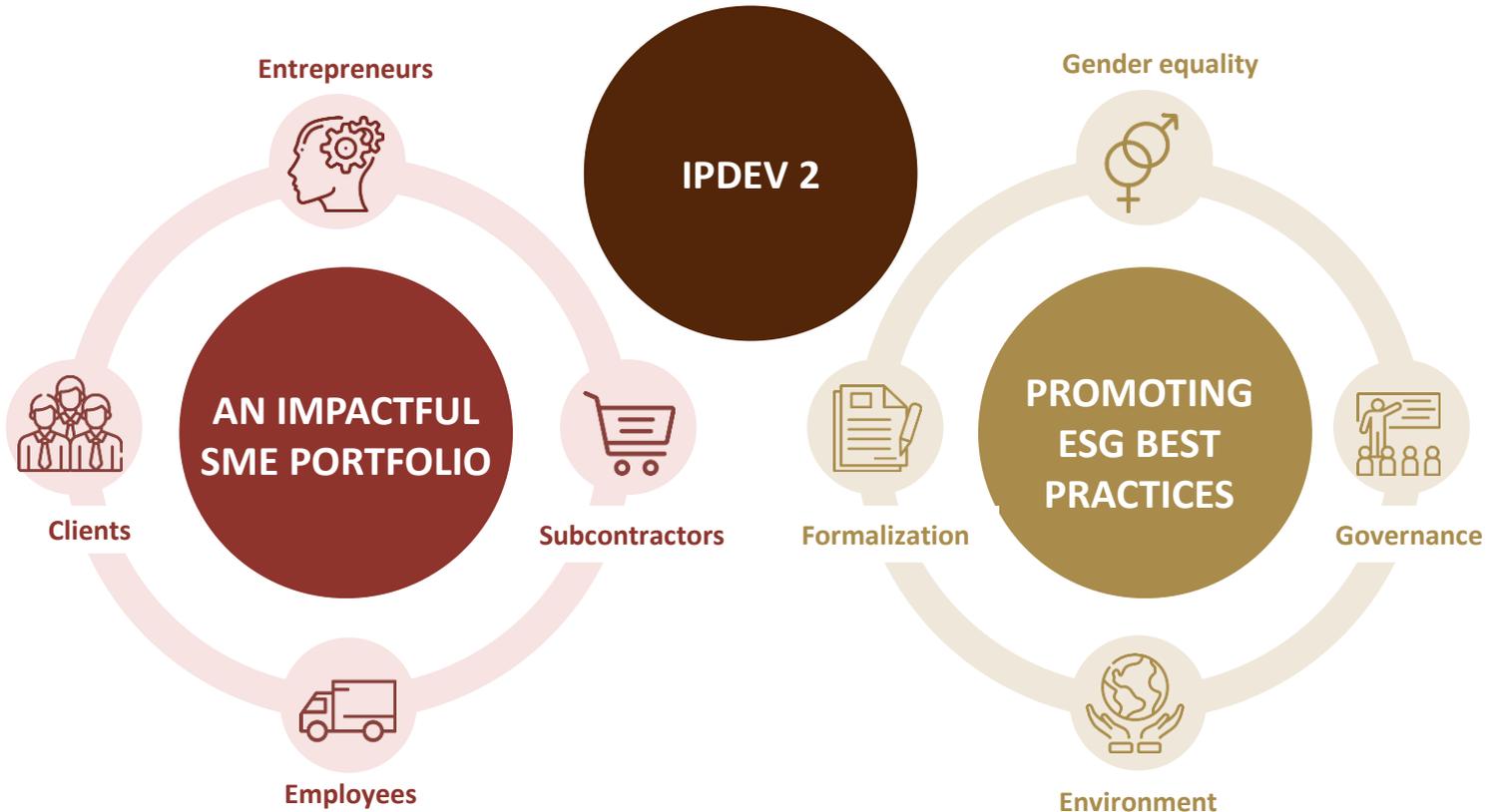
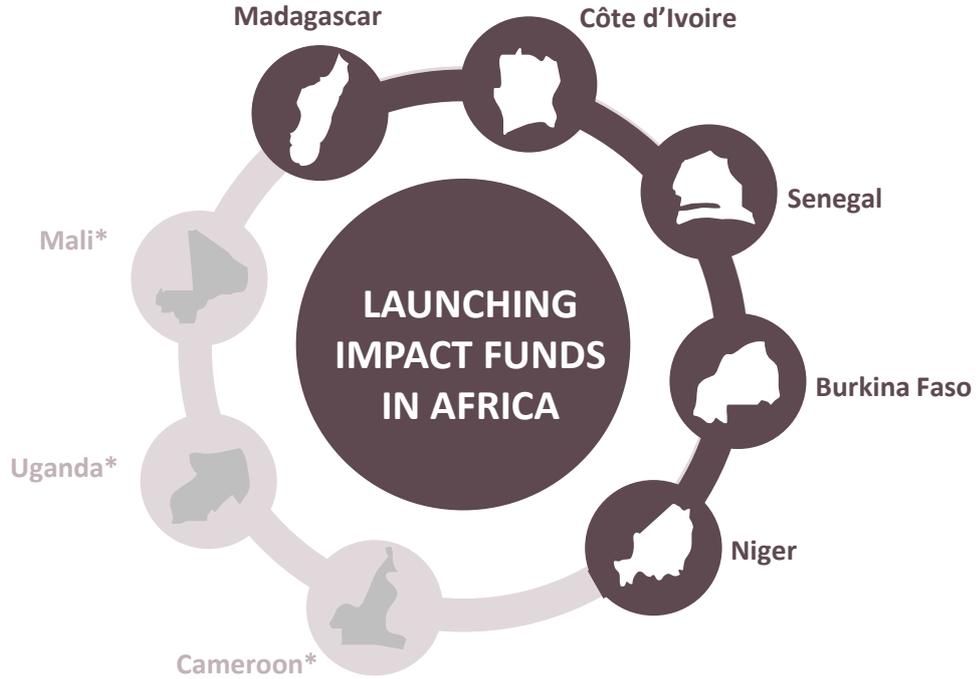
GRANT-FUNDING

Co-finances launch costs of investee funds and provides grant funding for SME capacity-building, team trainings, investment-readiness, and seed funding.

SUMMARY

Our ESG & impact framework

IPDEV 2 works at launching funds in Africa to build an impactful SME portfolio while promoting best practices.

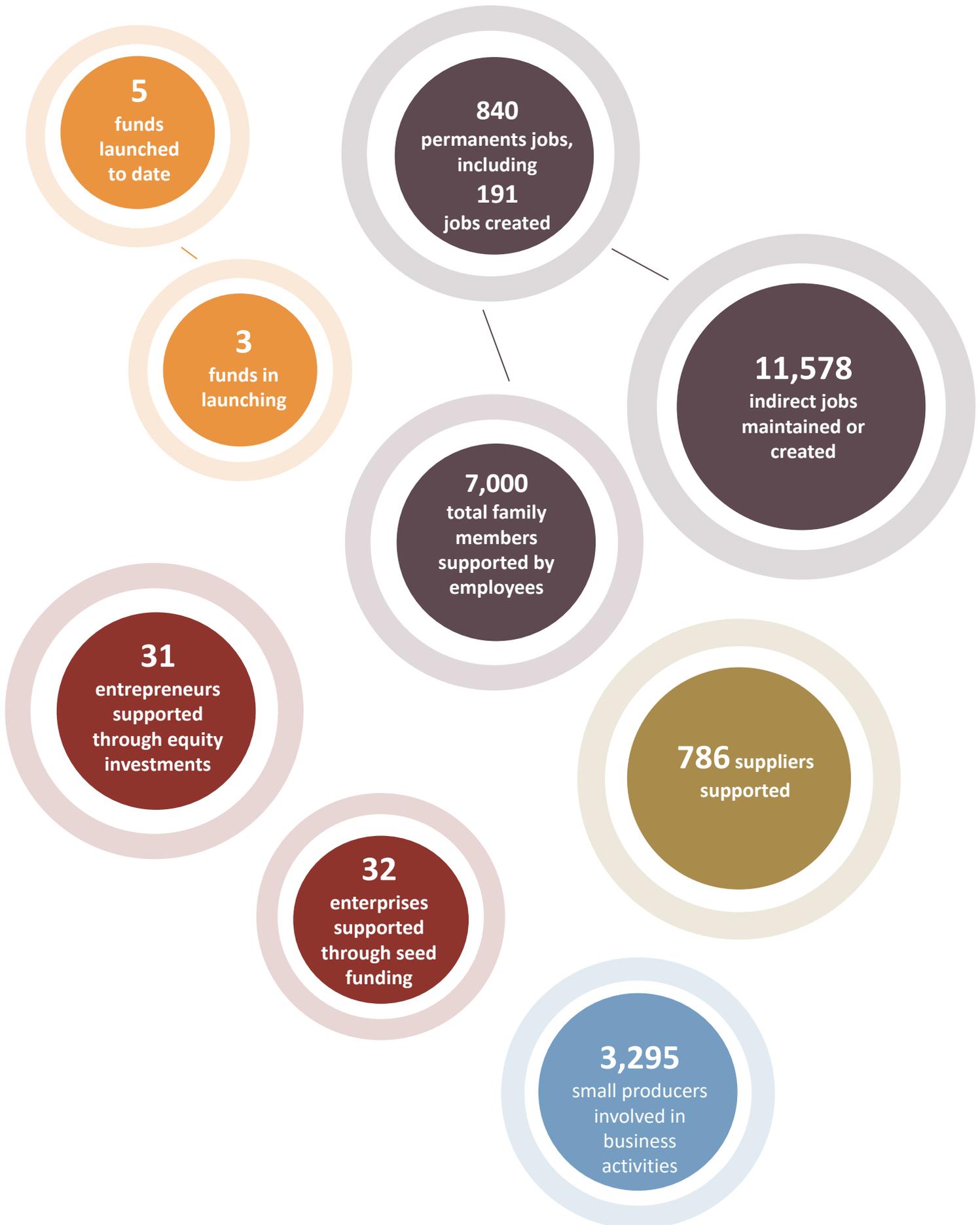


*IPDEV 2 is launching three new funds in Mali, Uganda and Cameroon.



SUMMARY

Our impact at a glance



OUR FRAMEWORK AND RESULTS

OVERVIEW

KEY RESULTS

COVID-19 IMPACT

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 plans to launch another five in the coming years. Three funds are in the process of launching in Mali, Uganda and Cameroon, respectively. Some of them might encountered delays due to the impact of Covid-19 on fundraising.

IPDEV 2's five African Funds aims at **financing 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. In this particular context, SMEs will need more post-Covid support to keep or adapt their business models, maintain jobs, etc.

The funds implement IPDEV 2's ESG and impact methodology, and promote impact best practices, in particular **gender equity, formalization and good governance**, as well as **environmental sustainability**.

The African IPDEV 2-sponsored funds, by launch date:

- MIARAKAP, Madagascar (2017)
- COMOÉ CAPITAL, Côte d'Ivoire (2017)
- TERANGA CAPITAL, Senegal (2016)
- SINERGI BURKINA, Burkina Faso (2014)
- SINERGI NIGER, Niger (2006)



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 €3 million long-term in junior debt to IPDEV 2 to cover initial losses

An innovative incubating mechanism of African investment funds

In 2019, the IPDEV 2 portfolio has almost doubled with 31 equity investments (16 investees in 2018).

Seed financing investees, benefiting from zero-refundable advances without guarantees, account for 32 seed funding (14 investees in 2018). Note, we only report on 30 SMEs which have an equity stake from an African fund, meaning that our impact figures do not include seed financing investees*.

31
SMEs

Equity investment

4
SMEs

MIARAKAP
PARTENAIRE D' IIP

MIARAKAP
Madagascar
City: Antananarivo
Launch Date: 2018

9
SMEs

COMOÉ CAPITAL
PARTENAIRE D' IIP

COMOÉ CAPITAL
Côte d'Ivoire
City: Abidjan
Launch Date: 2017

11
SMEs

TERANGA CAPITAL
PARTENAIRE D' IIP

TERANGA CAPITAL
Senegal
City: Dakar
Launch Date: 2016

4
SMEs

SINERGI
PARTENAIRE D' IIP

SINERGI BURKINA
Burkina Faso
City: Ouagadougou
Launch Date: 2015

3
SMEs

SINERGI
PARTENAIRE D' IIP

SINERGI NIGER
Niger
City: Niamey
Launch Date: 2007

32
SMEs

Seed Investment

1
SME

MIARAKAP
PARTENAIRE D' IIP

MIARAKAP
Madagascar
City: Antananarivo
Launch Date: 2018

7
SMEs

COMOÉ CAPITAL
PARTENAIRE D' IIP

COMOÉ CAPITAL
Côte d'Ivoire
City: Abidjan
Launch Date: 2017

5
SMEs

TERANGA CAPITAL
PARTENAIRE D' IIP

TERANGA CAPITAL
Senegal
City: Dakar
Launch Date: 2016

7
SMEs

SINERGI
PARTENAIRE D' IIP

SINERGI BURKINA
Burkina Faso
City: Ouagadougou
Launch Date: 2015

12
SMEs

SINERGI
PARTENAIRE D' IIP

SINERGI NIGER
Niger
City: Niamey
Launch Date: 2007

* We report on the 30 companies (excluding XOOM which hasn't yet launched its business) which have an equity stake from IPDEV 2's funds. Neither the 32 seed investments or the exited SMEs (in Niger) are included. Within the 30 companies, the impact data from Halal are from 2018.

Key 2019 results

IPDEV 2 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.

5 years after inception, 5 new impact funds are operational, and 3 are in the process of launching, with **34 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 €2.9 raised from other investors for every €1 invested by IPDEV 2.

31 early-stage SME investments made, and growing.

THE PORTFOLIO HAS BEGUN GENERATING RESULTS

ENTREPRENEURS



- 31 African SMEs financed at an early stage through equity investment
- **100% operate in Least Developed Countries and/or Fragile Countries**
- €1.7 raised for every €1 invested in local SMEs

EMPLOYEES



- **840 jobs maintained or created** in portfolio companies
- The average minimum wages are **55%** higher than legal minimum wages

CLIENTS



- More than **77% of SMEs address essential needs**, such as:
 - 1,486 borrowers in Madagascar (APEM PAIQ)
 - 5,561 students involved in programs (Etudesk, IMGH, VATEL, IST, CAIF)
 - 847,721 books and textbooks distributed to students (Valesse, EAL)

SUBCONTRACTORS



- **786 suppliers supported, 80% of them are local**
- 15,357 tons purchased from small producers

**African
SMEs**

Key 2019 results (by funds)

COMOÉ CAPITAL (CÔTE D'IVOIRE)

Employees

- **267** permanent jobs maintained or created, **41%** are held by women
- The minimum wage is on average **53% higher** than the minimum wage in Côte d'Ivoire
- **1,872** indirect beneficiaries of income distributed to employees

Suppliers and clients

- **2,647** customers
- **815,721** schoolbooks published/produced and distributed
- **2,202** people trained via e-learning

SINERGI BURKINA (BURKINA FASO)

Employees

- **140** permanent jobs maintained or created, **70%** are held by women
- The minimum wage is on average **82% higher** than the minimum wage in Burkina Faso
- **987** indirect beneficiaries of income distributed to employees

Suppliers and clients

- **3,000** small producers
- **94%** of suppliers are local
- **100 tons** of soybeans collected and **15,000 tons** of maize purchased from smallholder farmers
- **2,311** end customers, of whom **45%** are women

MIARAKAP (MADAGASCAR)

Employees

- **212** permanent jobs maintained or created, **39%** are held by women;
- The minimum wage is on average **12% higher** than the minimum wage in Madagascar
- **1,213** indirect beneficiaries of income distributed to employees

Suppliers and clients

- **8,745 kg** of chicken bought from local producers
- **99%** of suppliers are local
- **1,660** customers, of whom **69%** are women, **90%** borrowers, **55%** new customers and **17%** students

TERANGA CAPITAL (SENEGAL)

Employees

- **199** permanent jobs maintained or created, **52%** are held by women
- The minimum wage is on average **59% higher** than the minimum wage in Senegal
- **3,642** indirect beneficiaries of income distributed to employees

Suppliers and clients

- **2,766** customers
- SMEs in SINERGI's portfolio have sourced goods and services from **380** suppliers
- **80%** of suppliers are local

SINERGI NIGER (NIGER)

Employees

- **22** permanent jobs maintained or created; **9%** are held by women
- The minimum wage is on average **86% higher** than the minimum wage in Niger
- **164** indirect beneficiaries of income distributed to employees

Suppliers and clients

- SMEs in SINERGI's portfolio have sourced goods and services from **51** suppliers
- **30,500** clients



RAMA Cérééal © Jessica Nadi

Covid-19's impact

For our investees, the crisis has already materialized, since most of them face have seen a decrease in sales as well as major supply chain and distribution interruptions. However, the impact remains limited for the time being. **Some companies have even experienced additional opportunities or peaks in sales, mostly in the agro-processing sector.** Companies with cash reserves are faring better than the others. Some of the companies have achieved outstanding and pragmatic modifications to their business models in the past weeks, mainly through direct B2C delivery and launching digital e-commerce platforms or e-learning solutions. **The impact of Covid-19 is higher in education and retail** since companies in those sectors have had to stop their activities and introduce partial or full unemployment.

IPDEV 2's teams are strongly committed to our partner SMEs and are providing hands on support. Opportunities are still being considered or even approved but the disbursements have been postponed. The European Union approved a partial reallocation of 2020 seed funding for the support of IPDEV 2 funds companies. Support priorities are maintaining jobs, supporting digitalization, adapting business models, contributing to the fight against the pandemic (masks, gloves and drugs). The priority sectors are health, education, agro-processing and information, communication and technologies (ICT).

SINERGI NIGER (NIGER)

- **100%** of investees have had a significant or partial decline of their activities (in education, agri-business and industry)
- **50%** of jobs have been impacted by partial unemployment with no job dismissal
- **67%** of investees are adapting their business models in response to Covid-19
- **100%** of investees have planned job stability

SINERGI BURKINA (BURKINA FASO)

- **50%** of investees have had a significant or partial decline of their activities (in education and agri-business), **50%** of investees have had a stable activity (in agri-business)
- **12%** of jobs have been impacted by partial unemployment or dismissal
- **50%** of investees benefited from the European Union's
- **50%** of investees are adapting their business models in response to Covid-19

MIARAKAP (MADAGASCAR)

- **50%** of investees have had a significant decline of their activities (Service sector) while **50%** have had an increase of their activities (ITC and education sectors)
- **21%** of jobs have been impacted by partial unemployment or dismissal
- **25%** of investees are adapting their business models in response to Covid-19
- **75%** of investees have planned jobs stability

TERANGA CAPITAL (SENEGAL)

- **64%** of investees have had a significant or partial decline of their activities (in education, health and service)
- **18%** of investees have had a stability of their activities (in agribusiness and ICT)
- **18%** of investees have had an increase of their activities (in agribusiness and ICT)
- **56%** of investees put their employees on short-time work in response to the Covid-19
- **33%** of investees benefited from the European Union's financing
- **89%** of investees benefited from postponed repayments from Teranga Capital

COMOÉ CAPITAL (CÔTE D'IVOIRE)

- **22%** of investees have had an increase of their activities (in education and health)
- **56%** of investees have had a significant or partial decline (in education and agri-business)
- **36%** of jobs have been impacted by partial unemployment or dismissal
- **33%** of investees have planned job increase and **33%** job decline
- **33%** of investees benefited from the European Union's financing
- **100%** of the investees are adapting their business models in response to Covid-19

LAUNCHING IMPACT FUNDS

5 FUNDS TO DATE

BLENDED FINANCE

A network of sponsored funds

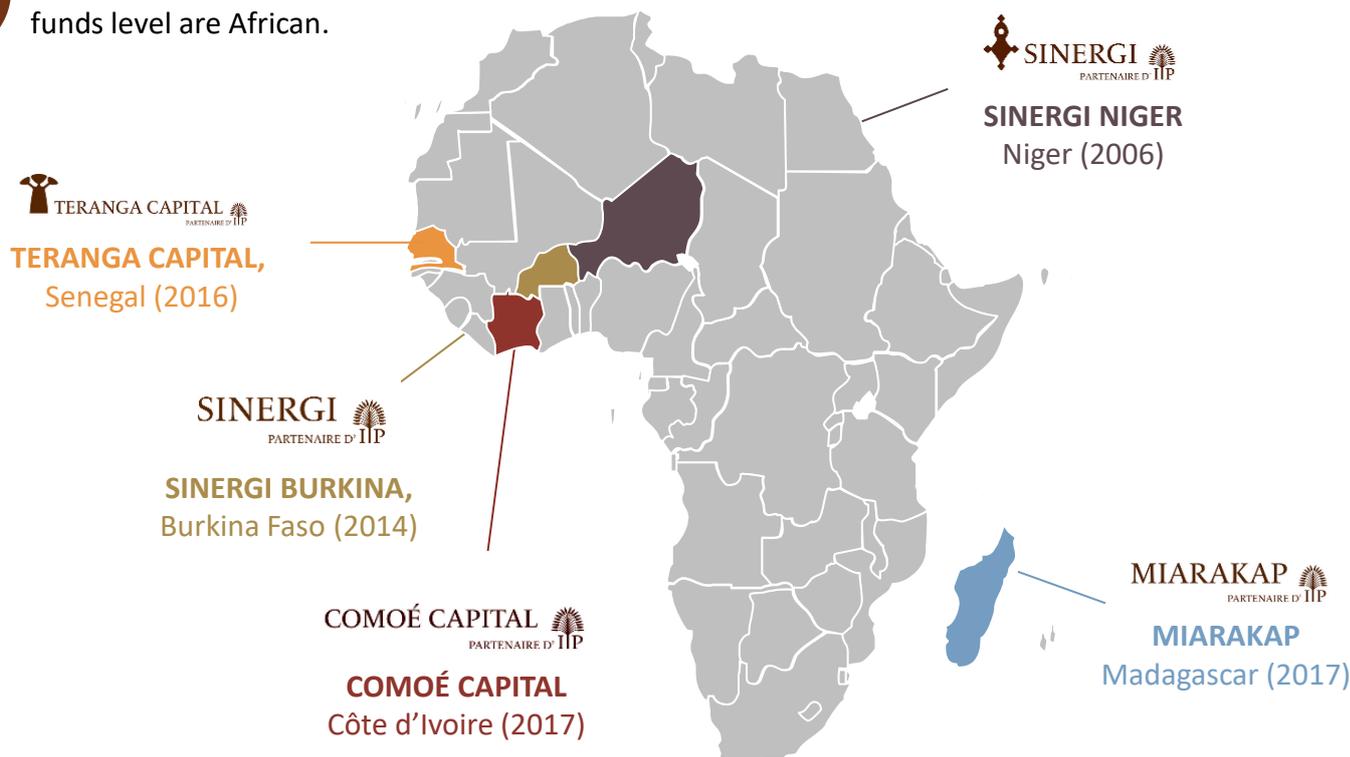
IPDEV 2 aims at contributing to creating and strengthening SMEs equity financing sector in Africa by structuring African funds, and recruiting and training local teams in SMEs financing, ESG risk and impact management and fundraising. **IPDEV 2 is also contributing to a strong leveraging effect for its funds by mobilizing capital from African investors.** €40M including €21M in capital and €19M in grants has been raised by IPDEV 2; in order to create a network of 10 African impact funds over 10 years.

Five years after IPDEV 2's inception, 5 sponsored impact funds are operational in 5 African countries, and 3 are in launching in Mali, Cameroon and Uganda. **34 team members have been recruited and have benefited from capacity building in investment as well as strategic, managerial, operational and impact support to investees.**

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

€19M raised locally by IPDEV 2 funds from 45 investors.

87% investors at IPDEV 2 funds level are African.



Local team members

MIARAKAP



Andry RAVOLOLONJATOVO
Communication Officer



Herinantenaina RABEMANANTSOA
Investment Officer



Koloina RAMANANTSOA
External Financial and Administrative Director

MIARAKAP
PARTENAIRE D' IIP



Emmanuel COTSOYANNIS
Managing Director



Herinjatoelina RAMIARISON
Investment Manager



Lantsoa RAVELOMANANTSOA
Analyst



Eric RAVOHITRARIVO
Investment Officer



Koloina Anjatiana RAMAROMANDRAY
Investment Manager



Stella HERIMIARANDRAISOA
Office Manager

COMOÉ CAPITAL



Abdoulaye DIALLO
Investment Principal



Dyane TCHAGAG
Office Manager



Issa SIDIBÉ
Managing Director

COMOÉ CAPITAL
PARTENAIRE D' IIP



Adama FOFANA
Investment Officer



Elena HABA
Head of Acceleration & Seed Funding



Jessica MIESSI
Project Officer



Brigitte ABBÉ
Investment Officer



Granh Daniel DJAMA
Investment Officer



Kevin ALLAH
Analyst

TERANGA CAPITAL



Adrienne NDONG
Financial Analyst



Khadija TOURÉ
Investment Officer



Ndeye Diago DIEYE
Operational Director

TERANGA CAPITAL
PARTENAIRE D' IIP



Fatou DIOP
Senior Investment Officer



Mohamed NGOM
Investment Officer



Olivier FURDELLE
Managing Director

SINERGI BURKINA



Aboubacar SANOU
Analyst



Davy SOUBEIGA
Investment Manager



Job ZONGO
Managing Director

SINERGI
PARTENAIRE D' IIP



Aïcha SAVADOGO
Investment Officer



Germaine NAGALO
Administrative and Accounting Assistant

SINERGI NIGER



Ibrahima DJIBO
Managing Director



Mariama MOUSSA ABOUBACAR
Junior Investment Officer

SINERGI
PARTENAIRE D' IIP



Kamaloudini YAHOU ISSOUFOU
Investment Manager



Nadia SOUMAILA HAMIDOU
Administrative and Financial Assistant



Thierry Etienne ABRAHAM
Junior Investment Officer

MIARAKAP

PARTENAIRE D' IIP

Country Madagascar
 Launch 2017
 Size €3 million
 Website miarakap.com/

€3 MILLION IN PERMANENT CAPITAL RAISED

15 key investors in the Malagasy landscape, including financial institutions, corporations, entrepreneurs, and a mobile operator

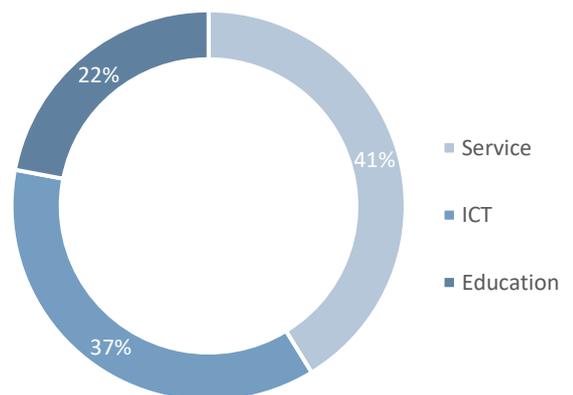
An open-ended investment company



A partner of the Critical Ecosystem Partnership Fund



PORTFOLIO, BY SECTOR



4 INVESTEEES

COMPANY	SECTOR	DESCRIPTION	ONE KEY RESULT	INVESTED IN
 CHICKY	SERVICE	A fast food restaurant specializing in chicken.	59% of employees are under 25 years old.	2018
 APEM PAIQ	SERVICE	A microfinance institution for small urban entrepreneurs.	70% of clients are women.	2019
 VATEL	EDUCATION	A business school offering top training in the hotel and tourism industry.	Won Best Hospitality Management School Award .	2019
 HAIRUN TECHNOLOGY	ICT	Specializes in designing and developing web, mobile and server applications.	Has doubled the number of employees.	2019

COMOÉ CAPITAL

PARTENAIRE D' IIP

Country Côte d'Ivoire
Launch 2017
Size €6.6 million
Website comoecapital.com/

€6.6 MILLION IN PERMANENT CAPITAL RAISED

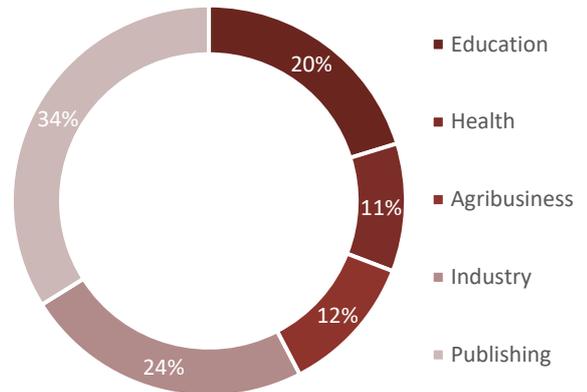
- 8 key investors in the Ivorian business landscape, including financial institutions, corporations and entrepreneurs gathered together in an open-ended investment company.



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



PORTFOLIO, BY SECTOR



6 INVESTEEES

COMPANY	SECTOR	DESCRIPTION	ONE KEY RESULT	INVESTED IN
 VALESSE	PUBLISHING	An Ivorian publishing company.	96% of books written by local authors.	2017
 RAMA CEREAL	AGRIBUSINESS	A cereal (millet, corn, rice) processing company.	53% increase in cereal purchases.	2018
 HOME MEDICAL SERVICE	HEALTH	Private medical center offering day care.	26 qualified medical employees.	2019
 TROPIC 105	MANUFACTURER	Clothing manufacturer (Ciss St Moïse brand).	51 tailors hired.	2019
 EIFP MICHELE YAKICE	EDUCATION	An international training school specialized in sewing ad fashion design.	9 apprentices in training.	2019
 IMGH	EDUCATION	Hotel and catering training institute.	89% student-success rate.	2019

3 INVESTEEES THROUGH THE EDUCATION IMPACT FUNDS (EIF)

 ETUDESK	EDUCATION	A tailor-made e-learning platform.	3x more students enrolled	2017
 LA COCCINELLE	EDUCATION	A pre-school for 2-to 6-year olds.	10 children on average/class	2019
 STUDIO KÄ	EDUCATION	A 2D/3D children's animations producer that promotes African cultural heritage.	10 episodes produced	2019



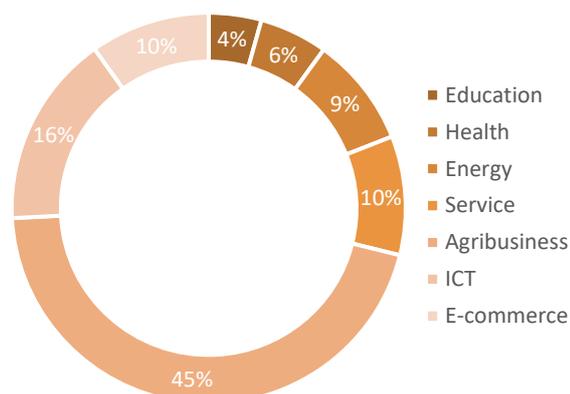
Country Senegal
Launch 2016
Size €6 million
Website terangacapital.com/

€6 MILLION IN PERMANENT CAPITAL RAISED

- 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.



PORTFOLIO, BY SECTOR



11 INVESTEES

	COMPANY	SECTOR	DESCRIPTION	ONE KEY RESULT	INVESTED IN
	SUGU	E-COMMERCE	E-logistic services for BtoB and BtoC.	7,165 platform users since creation.	2017
	COGELEC ENERGY	ENERGY	Electrical engineering company in rural areas.	60% increase in distributed equipment.	2017
	LYSA & CO (SENAR)	AGRIBUSINESS	Processing and distribution of cashews and peanuts.	240T of cashews and peanuts sold.	2017
	GOLDEN NUTS AND GRAIN	AGRIBUSINESS	Production and distribution of local juices under the brand name "Goût d'Or".	1,084 selling point partners.	2018
	CAIF	EDUCATION	A training center for sewing and catering.	42% increase of students trained.	2018
	CLINIQUE DENTAIRE LE CAP-VERT	HEALTH	A dental care clinic.	55% increase in consultations.	2018
	LA VIVRIERE (SECAS)	AGRIBUSINESS	Processing and distribution of local cereal grains.	198T of cereal grains purchased.	2019
	FIREFLY	SERVICE	Outdoor advertising in public transport.	42M people in the database.	2019
	LAFRICA MOBILE	ICT	Large-scale mobile communication throughout the WAEMU area.	59 clients in 2019.	2019
	KOOD	AGRIBUSINESS	Production and distribution of ice cream under the brand name "Milky".	40% of saleswomen.	2019
	XOOM	ICT	A Gambian internet service provider.	8 current employees.	2019

SINERGI

PARTENAIRE D' IIP



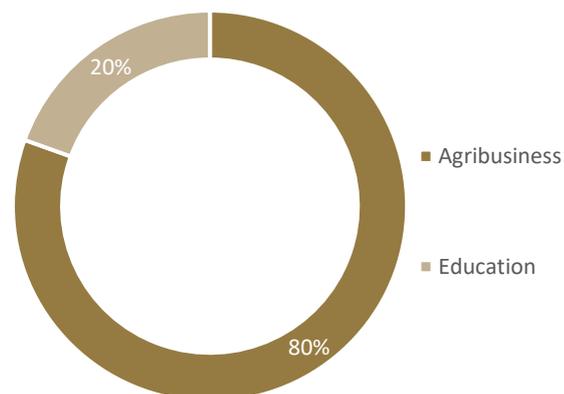
Country Burkina Faso
 Launch 2014
 Size €2.5 million
 Website sinergiburkina.com/

€2.5 MILLION IN PERMANENT CAPITAL RAISED

- 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.



PORTFOLIO, BY SECTOR



4 INVESTEES

	COMPANY	SECTOR	DESCRIPTION	ONE KEY RESULT	INVESTED IN
	SIATOL	AGRIBUSINESS	Processes local soybeans into cooking oil and protein for poultry.	26% increased in refined soybean oil produced.	2015
	AGROSERV	AGRIBUSINESS	A maize processing company.	25% increase in maize purchases.	2017
	ROSE ECLAT	AGRIBUSINESS	Dried fruits and vegetables processing company.	45T of dried fruits sold.	2019
	IST (UNAMIS)	EDUCATION	A higher institute of business management and technology.	24 degrees recognized by CAMES.	2019



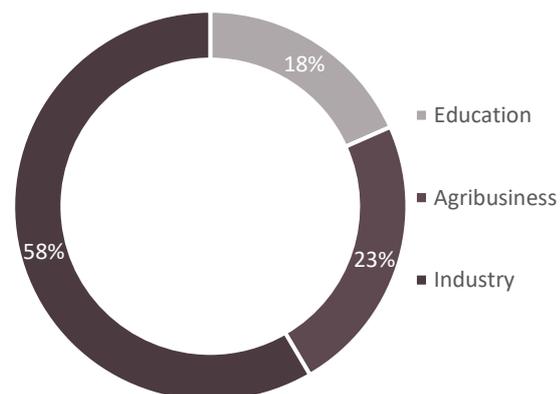
Country Niger
 Launch 2006
 Size €1 million
 Website sinerginiger.com/

€1 MILLION IN PERMANENT CAPITAL RAISED

- 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.



PORTFOLIO, BY SECTOR



3 INVESTEEES

COMPANY	SECTOR	DESCRIPTION	ONE KEY RESULT	INVESTED IN
EDITION AFRIQUE LECTURE (EAL)	EDUCATION	Editing and manufacturing of extracurricular publications.	32,000 books sold in 2019	2014
HALAL	AGRIBUSINESS	Producing, packaging and distribution of improved local rainfed vegetable seeds.	41 local farmers.	2015
UNIFAM	INDUSTRY	Manufacturer of agricultural equipment and school furniture.	2x the increase in agricultural equipments sold.	2019

2 EXITS

COMPANY	SECTOR	DESCRIPTION	ONE KEY RESULT	DIVESTED IN
SERVICING	SERVICE	Print and copy services for large companies	20% highly qualified employees hired.	2016
SAHEL LAB	INDUSTRY	Preparation and analysis of chemical samples for mining	29% women employees	2019

Seed investment programs

IPDEV 2 funds are also implementing seed investment programs to unlock the potential of thousands of promising enterprises and support innovative models and approaches. Currently, the funds are supporting 32 Small and Growing Businesses (SGB), 24 through the USAID PACE program, 7 through La Pépinière program and 1 through the Partnership with the Critical Ecosystem Partnership Fund (CEPF)*.

USAID PACE program

SINERGI BURKINA (BURKINA FASO)

7

MAMA	Beverages
SOFACO-B	Health
FASOPRO	Nutrition
PALOBDE SERVICE	Health
LA FERME D'EMBAUCHE BOVINE	Agribusiness
MAIA	Health
NOUVELLE VISION SCOLAIRE	Education

TERANGA CAPITAL (SENEGAL)

5

ETOUNATURE	Wellness
SETTIC	Recycling
FARIFIMA	Wellness
MATISSE	Nutrition
Atelier des Génies	Education

Pépinière program

COMOÉ CAPITAL (CÔTE D'IVOIRE)

7

GAN LOGIS	Agribusiness
MONDAY TECHNOLOGY	xxx
CLINIQUE MARIA	Health
AXOLUS	ICT
ITIA SARL	Agribusiness
ONLOUTOU	Rental Equipment
BOISSONS D'AFRIK	Beverages

SINERGI NIGER (NIGER)

12

AINOMA	Agribusiness
GAICHA	Wellness
IDEE FEMININE	Nutrition
MADE'S GROUP	Nutrition
NIGER CHAUSSURES	Other
SALMA	Agribusiness
TECHINNOV	Agribusiness
INNOVATECH	Agribusiness
SAHEL DELICES	Beverages
TOTEM	ICT
CREMIERE DU SAHEL	Nutrition
NIGERCAB	Transport

Partnership with CEPF

MIARAKAP (MADAGASCAR)

1

MORINGA WAVE	Nutrition
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*VATEL, in the education sector in Madagascar, was also financed through the CEPF partnership



Mohamed Ngom

Investment Officer,
Teranga Capital

Why did you join the Teranga Capital Project?

I joined Teranga Capital because I have always been interested in Africa's private sector development. Small and Medium Enterprises (SMEs) represent the majority of the Senegalese economic landscape. Therefore, Teranga Capital, the only Senegalese based impact fund, was an obvious choice to help finance and support entrepreneurs.

What are your main contributions to the company?

As a Senior Investment Officer I intervene on all aspects of the investment process. I work closely with our different partners: (1) Investment bankers and consultants in the sourcing phase; (2) Consultants during the due diligence phase, to assess the accuracy of the financial statements provided, the market potential, IT systems and softwares programs used by the company.

"Teranga Capital, the only Senegalese based impact fund, was an obvious choice to help finance and support entrepreneurs."

(3) Entrepreneurs to realize reliable financial projections.
(4) The Investment Committee to present key information regarding the transaction and collect their guidance and
(5) Lawyers to prepare legal documents needed for the closing of the investment.

Once the deal is closed, we enter into the monitoring phase and we help the company to complete its formalization and to implementing governance bodies like the general assembly of shareholders and the board of directors.

What does it bring you ?

I am able to have an overview of the whole investment process from deal sourcing to closing. It also gives me the ability to learn different aspects of business management like operational and strategic marketing, supply chain management, financial planning and analysis.

What do you really appreciate about this project?

What I appreciate the most about this project is the diverse industries we come across and the various skills it helps us develop. I also enjoy being around successful and talented professionals, contributing to the creation of impactful financing and solving the challenges that Senegalese SMEs face on a daily basis.

What are your main contributions to the company?

Like the two other Investment officers, I am in charge of company analysis. Upstream of the investment, I interview entrepreneurs, perform due diligences and prepare all the necessary investment memorandums for the committees. I also realize preliminary analysis as well as in-depth analyses on companies. After the investment, we follow up on the companies and make sure the reporting is done. At the request of entrepreneurs, we support them in areas where the companies need our assistance. In addition to our investment functions, we also have each of our cross-cutting tasks: mine is the monitoring of technical assistance.

What is the benefit of participating in such a project?

Being part of Miarakap has many advantages: (1) It allows us to build relationships with passionate and inspiring entrepreneurs who share their daily challenges with us. This is very enriching, both professionally and personally. (2) We learn to have two points of view: that of the entrepreneur and that of the investor, since we are the intermediary between the two; and finally (3) It allows us to see several types of businesses across different sectors.

What do you really like about this project?

Impact investing has a real long-term social and environmental impact. What I like about what we do at

Koloina Anjatiana RAMAROMANDRAY

Investment Manager,
Miarakap



Miarakap is that we offer, on our scale, real lasting solutions to socio-economic challenges that Madagascar faces, through the promotion of impact entrepreneurship and raising awareness among entrepreneurs on current environmental issues.

What challenges do you see ahead?

As an impact investor, I think that we are already starting to be identified by the players in the sector as a serious financing partner. We will have to maintain this good reputation and start "delivering" at the level of the companies we support. Our second challenge is to be as widely recognized by conservation stakeholders (NGOs, international organizations, etc.) as a door to the private sector which shares the same impact values as they do.

"What I like about what we do at Miarakap is that we offer, on our scale, real lasting solutions to socio-economic challenges that Madagascar faces"

Scaling impact through blended finance (1/2)

IPDEV 2 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 €2.192M

Enabled IPDEV 2 to launch new funds, train funds managers, promote networking of entrepreneurs and provide funding.



AFD €400k

Enabled to launch the new funds in Cote d'Ivoire, provide technical assistance to SMEs and run a seed funding program for start-ups



Coopération de Monaco €428k

Enabled IPDEV 2 to financed the launching of new funds in Madagascar and Mali, provides technical assistance to management teams and SMEs, conducts research, impact evaluation and communication (PhD students).



FISEA Proparco €250k

Enabled IPDEV 2 to provide technical assistance to SMEs and management teams in Mali, Burkina Faso and Niger.



I&P ACCÉLÉRATION

USAID PACE Program € 1,178M

Enables IPDEV 2 to maintain seed funding program for start-ups in Niger, Burkina Faso and Senegal.



I&P Accélération au Sahel €15,5M

A 4-year program to support around 300 early-stage companies across 13 African countries with 3 components: seed funding, technical assistance and support to entrepreneurship structures.



I&P Acceleration Technologies € 2,5M

A 3-year program to support around ten digital early-stage companies by giving them access to seed funding and technical assistance.



IPDEV 2 has raised a total of **€22+ million** in grant resources that complement the equity investment program. These grants are decisive in rolling out and achieving IPDEV 2's strategy and impact results and are used primarily to provide (i) support during the launch phase of each fund, (ii) technical assistance 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.

Scaling impact through blended finance (2/2)



44 missions were conducted until 2020 (Q1) and **5** are still in progress.



A total budget of **€237,740** financed by FISEA and Monaco.

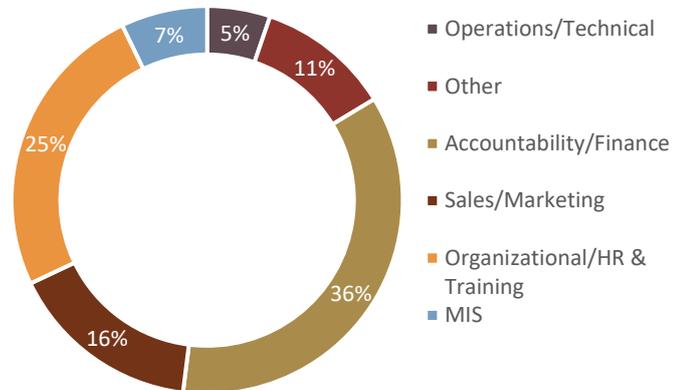


797 days were dedicated for technical assistance missions.



28 different experts were committed to TA missions, **71%** of whom are African experts.

AREAS OF INTERVENTION



EXAMPLE OF A MISSION

IST (UMANIS), Education, Burkina Faso

IST (UMANIS) is higher institute of business management and technology based in Burkina Faso and created in 2000 under the form of an LLC with capital of 600 million FCFA. It has more than 2,000 students enrolled in its 24 technical and vocational training tracks, which include 11 in management sciences. The school currently has six sites, including three franchises. It prepares student for BTS, bachelor's and master's degrees. The IST is the 3rd most well-recognized institution in Burkina Faso and awards greatest number of recognized diplomas in the country.

Type of technical assistance

As part of its development, IST, under its brand UMANIS, opted for a franchising model which consists in granting franchisees an exclusive license to use its educational programs. The technical assistance (TA) aimed (i) to ensure that

all legal and operational aspects of the franchise model are in compliance with the legal framework, (ii) to ensure that IST's brand is well protected and (iii) to offer a procedure and other partnerships based on best practices.

Assessment and results

The TA mission allowed the company to review its contracts with the franchises, to initiate steps for the protection of its brand at the OAPI level, and to correct some transactions made during the initial establishment of the institution. All of its work conducted during the TA mission enabled Sinergi Burkina to invest in the company.



PROMOTING ESG BEST PRACTICES

GENDER

GOVERNANCE

FORMALIZATION

ENVIRONMENT

Women's access to decent jobs and leadership positions

Women entrepreneurs are well represented in the informal sector but the main challenge for them is the access to higher-level value-added positions in the formal sector. **IPDEV 2 has made the strong commitment to develop a pipeline of gender lens investments** aligned with [I&P's gender strategy](#). Gender lens investments 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

On International Women's Day (March 8th), I&P took a step back to assess the progress made one year after the launch of its gender strategy "**Opportunities to bridge the gender gap in African SMEs**". Raising awareness on the topic of women entrepreneurship is a key objective of I&P's advocacy objectives and strategy:

- On 2019 Women's Day 2019, I&P published a **report in order to review I&P's performance in terms of gender equality**.
- In 2019 I&P, published an article entitled "[How can general impact investors tackle gender-related issues?](#)" in the Proparco magazine: *Private Sector & Development*.
- A series of portraits of women entrepreneurs was realized and shared widely throughout I&P's networks.

LEADERSHIP AND BOARD AT THE IPDEV 2 LEVEL

IPDEV 2		AFRICA*
38% of board members	<i>Higher than</i>	14% of board members in Africa*
33% of senior leadership positions	<i>Higher than</i>	23% of executive committee members in Africa *

* Source: Women Matter, Africa, McKinsey, 2016

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

WOMEN AT THE IPDEV 2 FUND LEVEL

IPDEV 2		I&P'S GENDER STRATEGY
23% IPDEV 2's governance entity members are female	<i>Less than</i>	50% Female members of governance entities as ultimate goal
47% of employees on IPDEV 2 teams are women	<i>Equal to</i>	40-60% of female employees

WOMEN AT INVESTEE LEVEL

INVESTEES		I&P'S GENDER STRATEGY
68% are women-impact SMEs (2X Challenge)	<i>Higher than</i>	40% or more women-impact SMEs in the portfolio

FOCUS



A challenge was launched in 2018 by the G7 member DFIs to invest \$3 billion by 2020 to provide women in developing countries with opportunities. In 2019:

68% of IPDEV 2's portfolio companies satisfied the 2X Challenge criteria

50% of these companies satisfied two or more criteria



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

Building a strong ESG/impact governance

Promotion of a mission-driven governance both at the IPDEV 2 level and African funds levels is part of IPDEV 2's commitment.

AT THE IPDEV 2 LEVEL

6 board members including investor representatives and independent members of the Extra-financial Committee. They **gather twice a year**.

The board oversees:

- ✓ Annual performance evaluation
- ✓ ESG & impact strategy and management system
- ✓ Reputational risk management
- ✓ ESG & impact team
- ✓ ESG & impact-based incentive structure for IPDEV team
- ✓ The reviews on governance and ESG practices for each of the funds

AT THE IPDEV 2 FUNDS LEVEL

Each extra-financial board at the IPDEV 2 funds level includes a person within the team dedicated to ESG/Impact matters.

5 board members of the Extra-financial Committee at **Sinergi Burkina, Comoé Capital and Teranga Capital**.

3 board members of the Extra-financial Committee at **Miarakap**.

4 board members of the Extra-financial Committee at **Sinergi Niger**.

Implementing good governance practices within all SMEs financed

1

IMPLEMENTATION OF A SHARED GOVERNANCE

Investees work with a shareholder representative body (Board or Strategic Committee including the entrepreneurs and one or two investor representatives) to manage the company in a concerted manner. **Such shared governance helps entrepreneurs to feel less isolated and to upgrade their reporting practices.**

2

UPGRADING OF ACCOUNTING AND REPORTING PRACTICES

IPDEV 2 funds invest in early-stage and fast-growing companies, with a need to strengthen financial and accounting practices enabling them to improve performance monitoring. The following actions are implemented: **(1) Annual audits** to ensure reliable accounting practices fully complying with fiscal obligations. **(2) Technical assistance** provided to a majority of companies, in order to build internal reporting capacities and enhance the reliability of the accounts.

3

COMMITTING TO ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

IPDEV 2 funds enforce integrity and do not tolerate corruption or other illegal practices, even if it means giving up an investment opportunity.

Training and review of ESG/impact methodology at the IPDEV 2 level



TRAINING SESSIONS

An ongoing training effort to improve our standards

In 2019, several sessions dedicated to ESG/impact involved both the CEOs of the IPDEV 2 funds and the IPDEV 2 teams since the performance on ESG/impact are closely linked to general performance.

- During our team seminar, discussions were held on ESG/impact future developments.
- Feedback on the ESG/impact tool from each ESG/impact point of contact within the IPDEV 2 funds was collected in order to ensure good understanding and take into account suggestions on how to improve it.



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.

AREAS FOR IMPROVEMENT - High priority currently given to SMEs' formalization processes, especially for the employees, where delays for some SMEs have been recorded in Cote d'Ivoire and Burkina Faso. I&P is still working to raise awareness among IPDEV 2 fund team members and investees in order to reach 100% of formalization for all the investee employees.

Job formalization in Africa

CONTEXT

According to I&P's [impact study](#) on formalization, 89% of jobs in the African sub-Saharan region are in the informal sector. IPDEV 2 funds are aligned with I&P's strong commitment to formalize companies, as it believes formalization is key to a long-term social and economic development. The study also shows that formalized employees have more access to health care, twice the access to credit to realize their life projects and are better protected against job dismissal.

IPDEV 2 formalization process

IPDEV 2 is strongly aligned with I&P's commitment to formalization of the entrepreneurial sector in Africa. **All the SMEs supported embark on the path of formalization.** At the due diligence level, deep analysis are made to assess the level of formalization of each investee. After investment, SMEs have 1 year maximum to fully comply with the law. Those formalization objectives are also part of the Investment team's global performance measurement, thus reflecting the importance given to this topic.

However, the path to formalization can be a long and complex. Transition to formality is expected but is sometimes too slow, especially employee-formalization. The process can vary 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 that take time: a written contract, tax status, health coverage, etc.

IPDEV 2 progress toward formalization

665 permanent jobs have been formalized in the SMEs since investment, representing 79% of the total permanent jobs. Compared to 2018's formalized rate of 68%, the formal job rate improved in 2019.

IPDEV 2

More than **79%** of jobs were formal in 2019



AFRICA

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

To improve formalization, IPDEV 2 have implemented the following next steps:

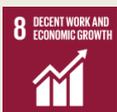
- Commitments on formalization in shareholder agreements
- Successive disbursements subject to progress on formalization
- Ongoing training of entrepreneurs and top management
- Support in the form of technical assistance in the formalization process

¹Source: McKinsey, *Africa at Work, Job Creation and Inclusive Growth*, 2012

*The data collection only focuses on permanent job formalization. The impact monitoring tools and data collection will expand next year to include monitoring of seasonal job formalization as well.



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

Impact on local communities and ecosystems

Within IPDEV 2, the environmental impact of investees is directly or indirectly linked to actions taken or to products and services that contribute to reducing negative impact on the local ecosystem, including making soil more resilient, protecting biodiversity, reducing pressure on natural resources, etc. Actions taken are mainly to mitigate the impact on local communities and ecosystems and to contribute to addressing climate change.

VATEL, Education, Madagascar



Offers an Ecotourism Management degree, training future managers of leading projects to take into account economic, social and environment issues such as water and energy consumption, sustainable food, etc.

Result: around **174** students enrolled in 2019.

FOCUS



Miarakap (Madagascar) has an investment component specifically dedicated to preserving biodiversity and natural ecosystems, with the support from the Critical Ecosystem Partnership Fund (CEPF). The partnership aims at supporting SMEs with a high potential for positive impact on the environment and biodiversity.

AGROSERV, Agribusiness, Burkina Faso



A maize processing company offering fortified flour and cornmeal for local markets.

Result: Maize replaces wheat which is mainly imported in Burkina Faso.

COGELEC ENERGY, Energy, Senegal



Cogelec works to provide cleaner and more economical energy for rural production facilities.

Result: Access to energy offerings can contribute to reducing firewood or deforestation in rural areas.

MORINGA WAVE, Agribusiness, Madagascar



Produces and distributes a growing range of agrifood and cosmetic products (oil, powder, chocolate, fruit juice, herbal tea, etc.).

Results: Local supplies in the region near several protected areas, offer alternative revenues to farmers, thus reducing pressure on the environment.

SIATOL, Agribusiness, Burkina Faso



Processes local soybeans into cooking oil and protein for poultry.

Result: Growing soybeans does not require nitrogen fertilizer. Soybean farming has partially replaced cotton, thus offering diversification and improving food-security due to its being more profitable.



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

Supporting entrepreneurs rooted in the continent is at the core of our mission. IPDEV 2 also focuses on Least Developed or Fragile Countries and on French-speaking countries where financing solutions for small and medium-sized (SMEs) enterprises are much less developed than in English-speaking Africa.

ENTREPRENEUR PROFILES

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

- ➔ **100%** of entrepreneurs are African
- ➔ 90% have a university level education
- ➔ 14 years of experience on average in their respective sectors
- ➔ 12 years of experience on average in corporate management positions



© Centre d'Appui à L'Initiative Féminine, Sénégal

COMPANY PROFILES



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



47% year-on-year of sale growth.



54% year-on-year of job growth.

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

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

IPDEV 2 fund investment often acts as a catalytic effect for the investees to raise funds from other investors or banks.



() This figure is computed by dividing the amount invested (equity and debt) by the amount invested by non-IPDEV 2 fund investors at the time of the initial investment by the amount of IPDEV 2 fund investment (equity and debt).*



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

Partner feedback

Sylvie Sagbo Gommard

Lysa&Co (SENAR Les délices de Lysa)



Country	Senegal
Investor	Teranga Capital
In portfolio since	2017
Sector	Agribusiness

Lysa&Co is a Senegalese company that specializes in the processing and marketing of agricultural products such as peanuts, cashew and corn. It has long-standing expertise in providing its customers with healthy, natural, high-quality products made with local raw materials and artisanal processes.

Sylvie Sagbo Gommard took over the management of the family business in 2015 to ensure its development and sustainability.

“The partnership with Teranga Capital has made possible the building of a new factory, with a production unit that meets international standards.

But what I find great about this partnership is the technical assistance component. Today we have set up a management accounting system. I can tell you how much a product costs us and then apply my margin. This is something I am now able to do because I asked for an accounting mission, covered by the fund.”

→ [Watch Sylvie’s interview](#)



Augustine BRO

IMGH



Country	Cote d’Ivoire
Investor	Comoé Capital
In portfolio since	2019
Sector	Education

The Institut de Management, de Gestion et d’Hôtellerie (IMGH) is a private technical and professional training structure specializing in the hotel industry. The institution aims to improve and diversify its training offerings by developing online access to continuing education.

After several experiences as a science teacher in Abidjan, Augustine BRO was appointed director of studies in a hotel school. She noticed the lack of students in the culinary and pastry trades due to the lack of specialized institutions in the sector. With few associates, she created the Institute of Culinary Arts and Hospitality (IACH) in 1999, which in 2008 became the Institute of Management and Hotel Management (IMGH).



“ Comoé provided me with human support. They allowed me to see what my strengths and weaknesses were. I grew more confident with their support.

We went on with the investment process. I received a financial contribution, which has allowed me to relocate the company's premises.”

→ [Watch the interview](#)

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 IPDEV 2's funds in the region. The 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.

RESULTS



3 countries in the Sahel region.



Accelerating **24 SGBs** of which 71% have already started to repay the loan and 21% have benefited from private or public follow-on financing.



USD 612k disbursed.

SPOTLIGHT: INOVATECH

Boosting tree growth in semi desertic environments

Inovatech is one of the 12 SGBs being accelerated by SINERGI Niger through the USAID PACE Initiative. It was founded by Bissala Yahaya, an experienced geology and biology researcher. The company proposes low-cost equipment that aids the rapid growth of trees even in semi-desertic environments.

Inovatech received a seed funding of 18K USD to produce more equipment and test the market before attracting a larger investment.

A year after receiving the funding, Inovatech is already showing some encouraging results as it has secured a contract worth 130K EUR and has already been solicited by other clients for new projects.

After the acceleration phase and based on the final performance of Inovatech, SINERGI may consider providing a direct equity investment.

IMPACTS TO DATE

As of **March 31, 2020**, **24 SGBs** have been funded for a total amount disbursed of USD 612'745. *The impact data are based only on 15 SGBs with reliable data provided.*

Gender

42% 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.

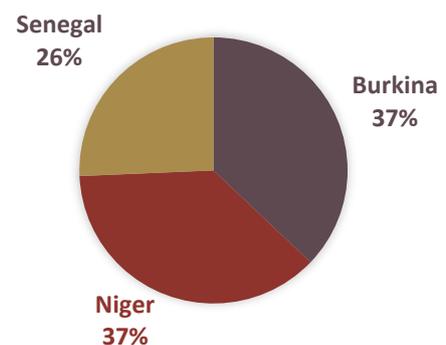
Employment

108 jobs have been sustained, out of which **64 jobs** were newly created or formalized.

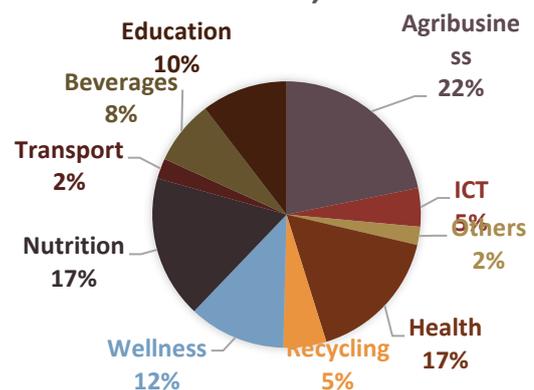
Turnover growth

80% of revenue growth as compared to the same year the companies received the financing.

BREAKDOWN, BY COUNTRY



BREAKDOWN, BY SECTOR



Creating better and decent jobs (1/4)

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.

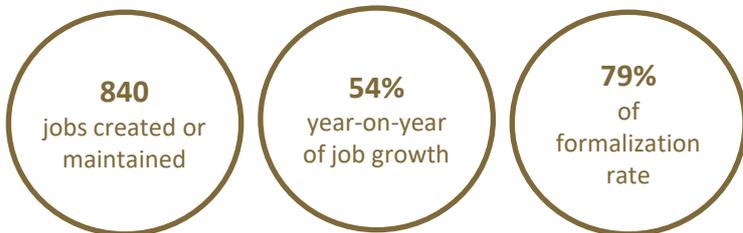
1 DIRECT AND INDIRECT JOBS



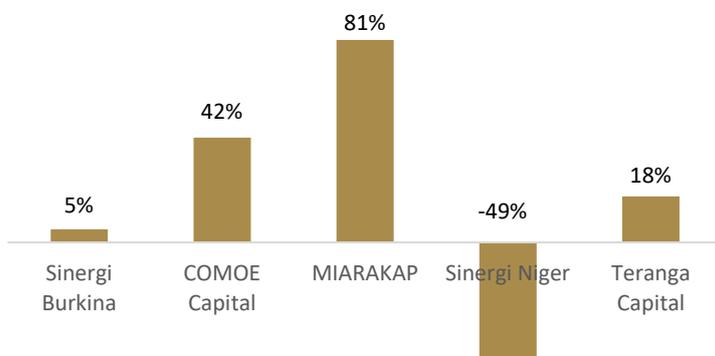
DIRECT JOBS

Since inception, 840 total permanent jobs have been created or maintained, with 54% year-on-year of job growth. New jobs created account for 191. In 2019, 79% of permanent jobs were formalized, most during the investment or post-investment phase.

Madagascar, Burkina, Cote d'Ivoire and Senegal have been strengthening the job creation momentum in the recent years, particularly in key sectors such as education, health, agribusiness and energy. Job creation is tightly linked to a company's financial performance. In Niger, investees have encountered growth issues which explains subsequent job losses.



JOBS EVOLUTION RATE SINCE INCEPTION



INDIRECT JOBS

11,578* indirect jobs created since inception. Investing in one sector indirectly contributes to job creation in several related sectors. Indirect jobs created through Sinergi Burkina's investments are high, mainly due to the large allowance of the funds in agriculture/agribusiness which employs an important part of the labor force in the country.

* 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 Purdue University's GTAP international trade analysis data. 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).

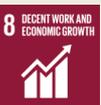
1 JOB = 1 FAMILY



** Based on household size derived from the Global Data Lab developed by researchers at the University of Radboud, the Netherlands, this figure is estimated by combining the data from 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 (2/4)

2 INCLUSIVE JOBS

YOUTH

CONTEXT: YOUTH AND LABOR MARKET IN AFRICA

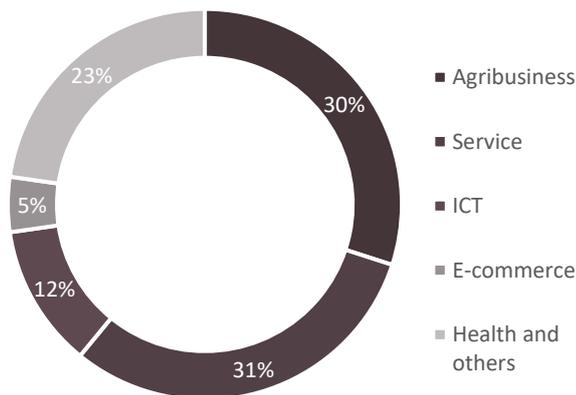
Africa has **420 million young people**¹ and this figure is expected to grow to **830 million by 2050**. Africa also has 36 of the 40 youngest countries in the world in terms of population. While **10 to 12 million young people arrive each year on the labor market**, only 3 million formal jobs are created annually. Most young people in Africa are unemployed or in precarious or informal jobs.²

¹ "Young person": employee below 25 years old

² Source: AFDB, 2018

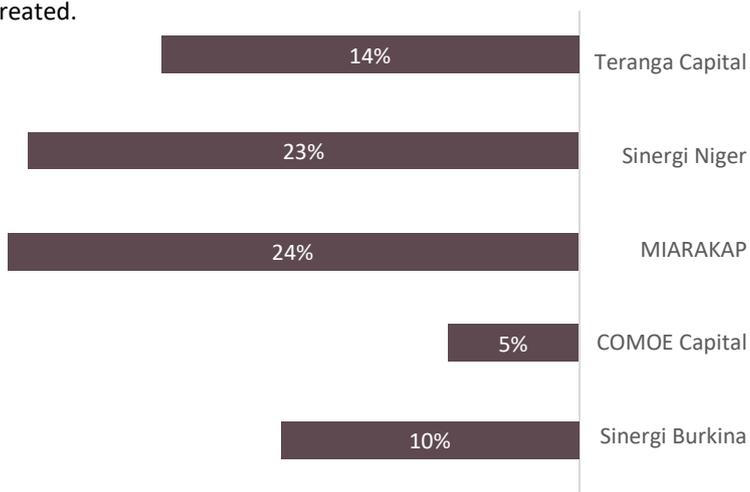
YOUNG EMPLOYEES AT THE IPDEV 2 INVESTEE LEVEL

Young people account for **110** (or 13%) of IPDEV 2's investee employees.



REPRESENTATION OF YOUNG EMPLOYEES IN EACH OF IPDEV 2'S FUNDS

In Madagascar, the 24% of young employees is mainly driven by Chicky, in the fast food sector. With a high level of unemployment in Niger, the share of young people employed by investee company's is not very representative of the potential of jobs that could be created.



GENDER

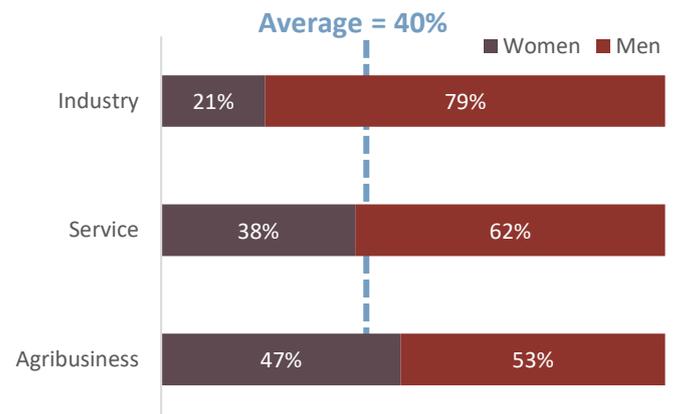
CONTEXT: WOMEN AND LABOR MARKET IN AFRICA

In Africa, the agriculture sector employs 70% of the workforce. Women make up about 2/3 of this workforce. In the other formal sectors, women hold 4 in 10 jobs¹. Depending on the country, representation of women in the labor market can vary significantly.

¹Source: AfDB, 2017, *Autonomiser les femmes africaines : plan d'action*, *Ibid*, 17 and 18

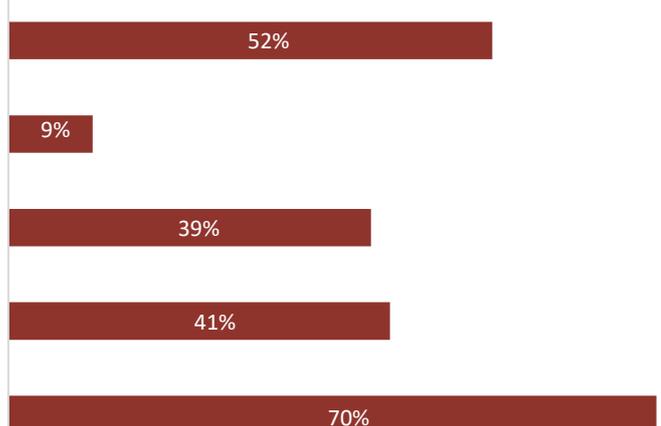
WOMEN AT THE IPDEV 2 INVESTEE LEVEL

40% of our investees' employees are women, with the highest representation rate being in the agribusiness sector. In the service sector, 6 investees have 50% or more women employees. The two enterprises in the industry sector are based in Niger, where women are largely underrepresented.



REPRESENTATION OF WOMEN EMPLOYEES IN EACH OF IPDEV 2'S FUNDS

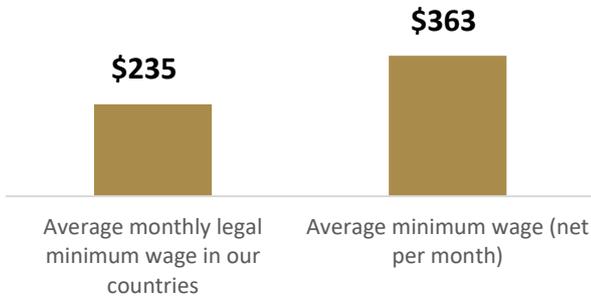
All IPDEV'2 funds have integrated a gender-lens in their investment strategy. Some efforts are being made to improve the rate of women employees at the investee level. However, in some countries, such as Niger, women are still largely underrepresented in some sectors.



Creating better and decent jobs (3/4)

3 DECENT WAGES

The average minimum wage is **55%** higher than the legal minimum wage



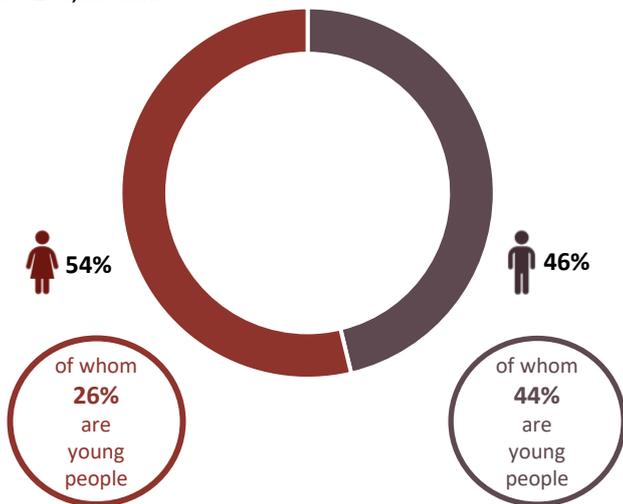
*We use the Purchasing Power Parity (PPP) conversion rate to control for the variable cost of living in various countries. The minimum wage in our countries is the net salary after social contributions and taxes.

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

BREAKDOWN OF LOW-INCOMES EMPLOYEES, BY GENDER

Low-income employees across our countries account for **320** or **38%** of the total employees.

In our methodology, a low-income employee earns less than EUR 244/month.



4 ACCESS TO SOCIAL PROTECTIONS

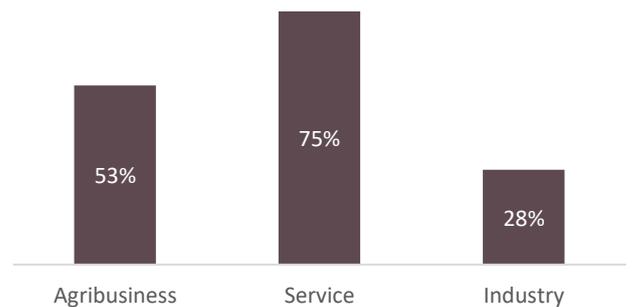
Access to public social protections is tightly linked to jobs formalization, which offers better job conditions. Therefore, IPDEV 2 funds are strongly committed to formalization. Nevertheless, formalization can be a complex and long process for companies.



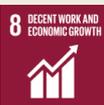
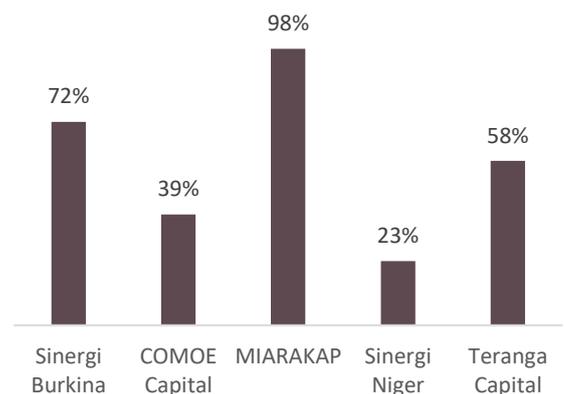
* Source: ILO, 2018

Prior to investment and within the first year of investment, most of the companies have a low rate of formalization, which impacts the rate of employees covered with social protections. In 2019, the number of investees in all the countries doubled. Progressive work will be done with each company to increase formal jobs and social protections with the objective of reaching 100% formalization.

PERCENTAGE OF EMPLOYEES WITH PUBLIC SOCIAL PROTECTIONS, BY SECTOR



PERCENTAGE OF EMPLOYEES WITH PUBLIC SOCIAL PROTECTIONS, BY COUNTRY



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

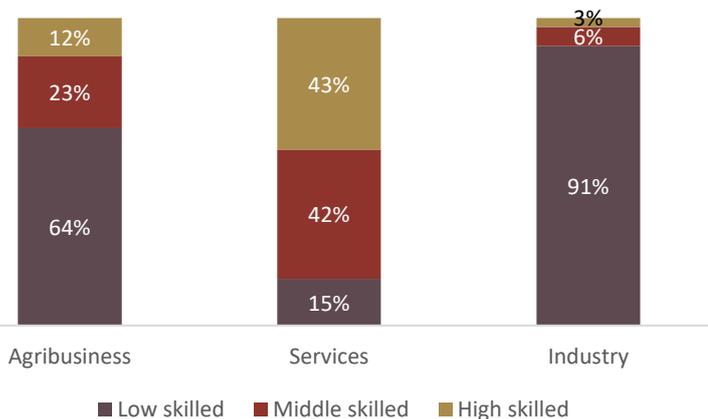
Creating better and decent jobs (4/4)

5 SKILLS DEVELOPMENT

- The **service sector** employs a large number of high skilled and middle skilled employees and offers training opportunities, as it accounts for **43%** of all employees trained in 2019 in our countries.
- **Qualified women** are most highly represented in Senegal and Cote d'Ivoire with respectively **36%** and **24%** between high skilled employees.

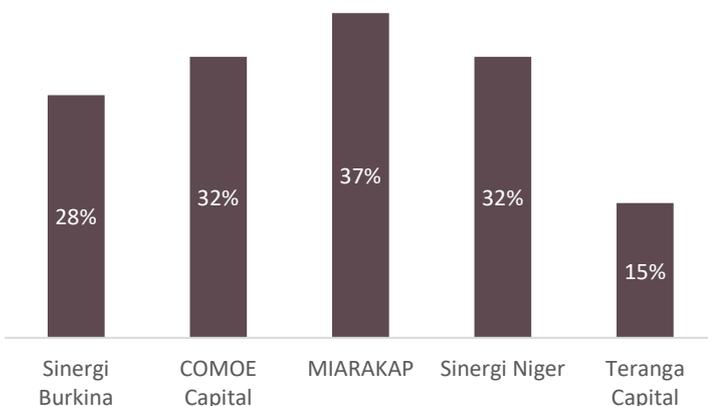
EMPLOYMENT BREAKDOWN BY QUALIFICATION AND BY SECTOR

Ex. of low skilled : factory worker; Ex. of middle: skilled accounting officer ; Ex. of high skilled: management positions



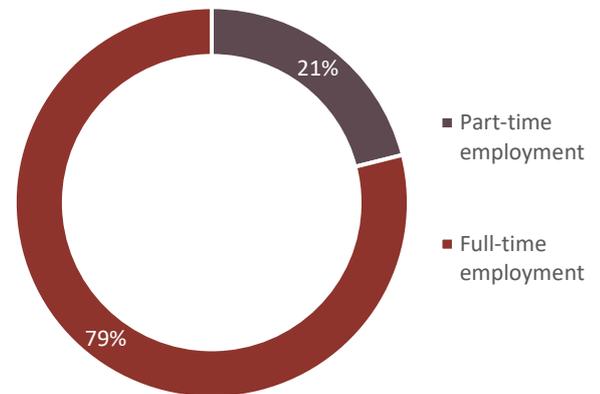
PERCENTAGE OF EMPLOYEES TRAINED

63% of investees have implemented a training policy and **32%** of employees received training in 2019.



6 FULL-TIME JOBS

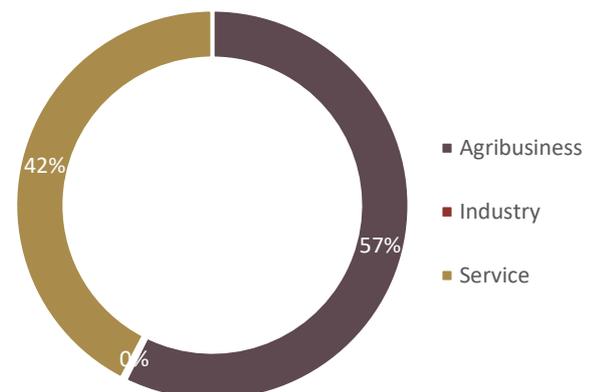
FULL-TIME JOBS



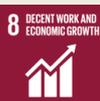
SEASONAL JOBS

In addition to **840** jobs maintained or created since IPDEV 2's inception, investees added **616** seasonal jobs in 2019, representing an increase of **34%** compared to 2018.

Seasonal jobs provide additional income to many low-skilled workers. Around **57%** of seasonal jobs are in agribusinesses, mainly driven by Agroserv and Rose Eclat in Burkina, Halal in Niger, KOOD and Lysa&Co in Senegal.



The data collection only focuses on permanent jobs formalization. The impact monitoring tools and data collection will evolve next year to include monitoring of seasonal jobs formalization as well.



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

59% of investees offer an essential product or service that directly address the SDGs. The impact of their activities on stakeholders also allow them to contribute to other SDGs: 7 investees contribute to SDG 8 with the objective of supporting entrepreneurship.

2



GOAL 2: Achieve food security and improved nutrition

- **AGROSERV (BF):** Maize processing
- **CHICKY (MA):** Fast food restaurant specializing in chicken
- **GNG (SE):** Production and distribution of local juices
- **HALAL (NI):** improved local rainfed vegetable seeds
- **KOOD (SE):** Ice cream under the brand name "Milky"
- **LA VIVRIERE (SE):** Local grain processing
- **LYSA & CO (SE):** Cashews and peanuts
- **RAMA CEREAL (CI):** A processor of grains
- **ROSE ECLAT (BF):** Dried fruits and vegetable processor
- **SIATOL (BF):** Local soybean processor



15,000+
tons of grains
purchased

10
SMEs

3



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

- **CLINIQUE DENTAIRE DU CAP VERT (SE):** Dental care clinic
- **HMS (CI):** Medical center for day care



1,214
dental care
treatments

2
SMEs

4



GOAL 4: Ensure inclusive and equitable quality education

- **CAIF (SE):** A training center for sewing and catering
- **COCCINELLE (CI):** A pre-school for 2-to-6 year old
- **EAL (NI):** Publishing and manufacturing of extracurricular books
- **ETUDESK (CI):** A tailor-made e-learning platform
- **IMGH (CI):** Training school specialized in hospitality
- **IST (SE):** A higher institute of business management and technology
- **MICHELE YAKICE (CI):** sewing and fashion design training school
- **STUDIO KÄ (CI):** 2D/3D children's animation producer that promotes African cultural heritage.
- **VALLESE (CI):** Publication of textbooks
- **VATEL (MA):** Hotel and tourism business school



5,000+
students

10
SMEs

7



GOAL 7: Affordable and clean energy

- **GOGEEC (SE):** Electrical engineering company in rural areas



64km
of electric lines
installed

1
SME

(* Investment companies can improve local access to essential goods and services, as direct providers or as part of the value chain. Essential goods and services include: food, water, sanitation, energy, land, health, lifelong education and learning, housing, clothing, media and information, new technologies, financial services for underserved populations, and passenger transport.

SMEs support their own local subcontractors

RIPPLE EFFECT ON SUPPLIERS



DISTRIBUTORS

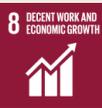
1,098 distributors worked with the investees in 2019, mainly in Cote d'Ivoire and Senegal. Companies in Niger and Cote d'Ivoire have implemented programs supporting their distributors.

EAL, publishing and manufacturing of extracurricular, Niger

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

VALLESSE, a publishing company, Cote d'Ivoire

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



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

SUPPLIERS

A network of **3,295** local small producers around 1,000 of whom are supported by the investees through different programs, such as technical assistance or agricultural advising.



AGROSERV, a maize processing company, Burkina Faso

Structuring of a network of more than **3,000** smallholders in maize farming, 1,000 of whom are directly trained and supported by the company. This structuring has made it possible to organize small producers into groups and provide them with agricultural equipment (tractors, motor pumps, inputs, etc.).

HALAL, producing, packaging and marketing of improved local, rainfed vegetable seeds, Niger

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

41 smallholder farmers trained in various areas:

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



SIATOL, processes local soybeans into cooking oil and protein for poultry, Burkina Faso

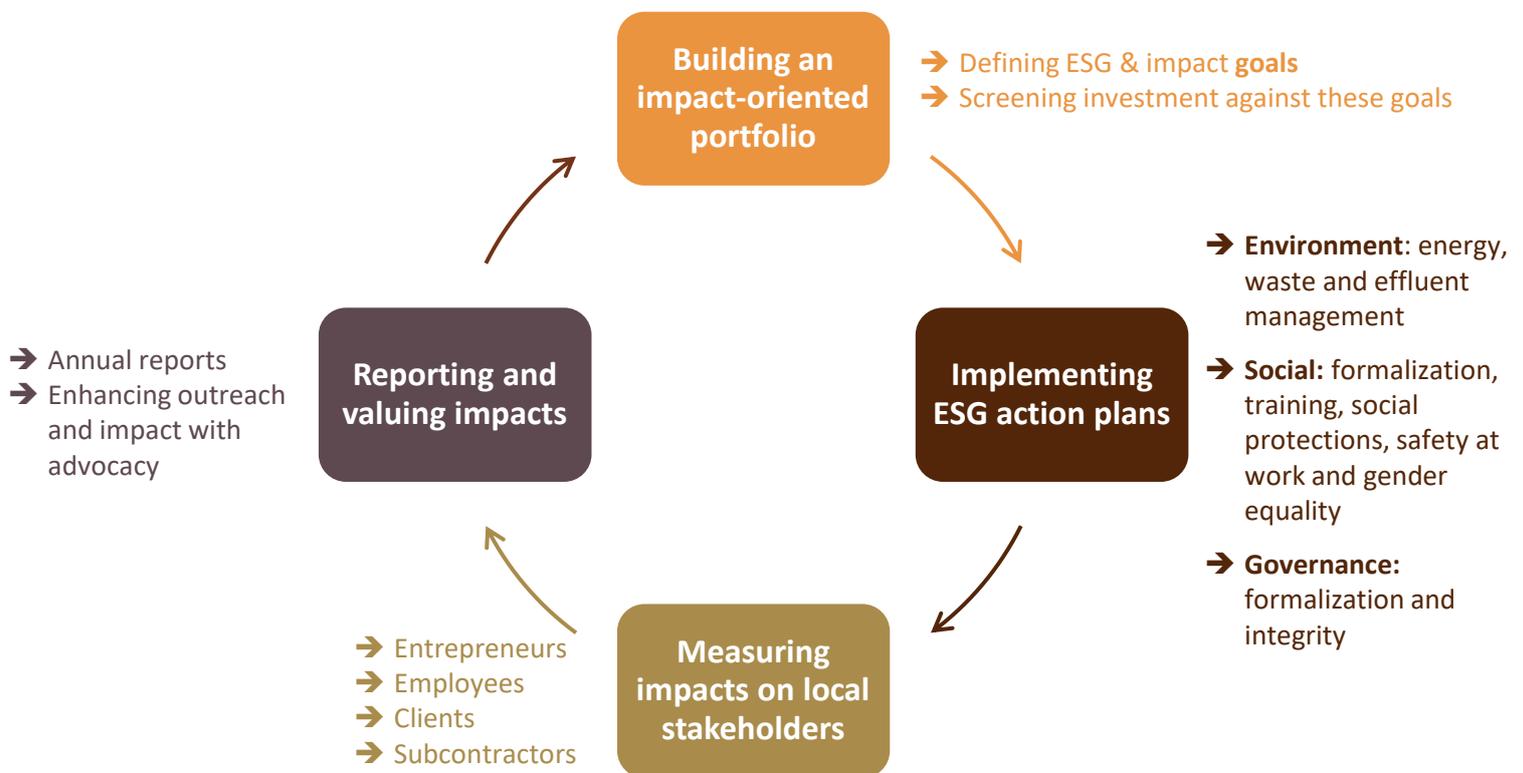
Provides its network of 160 smallholders with pre-financed inputs (seeds, small equipment), technical assistance throughout the growing period, farm visits and purchase contracts with a bottom price and premium based on quality and quantity of produce.

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



Assessing potential impacts

Conducting ESG due diligence

Implementing ESG action plans to generate economic and societal value

Measuring results

Evaluation of ESG risks and impact opportunities

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

Sample ESG categorization matrix

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

Identifying impact areas of improvement

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

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

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.

IPDEV 2 funds teams work with investees on **ESG and impact action plans** in a collaborative manner, in order to mitigate risk and generate economic value.

The action plan is fully integrated into partner/investee company operations as well as the investment agreement.

Partner companies legally undertake the implementation and monitoring of these ESG action plans, and a contact person within IPDEV 2 funds teams (ESG point of contact) is appointed to oversee the process.

IPDEV 2 measures 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 investees' impacts on their local stakeholders. **An update meeting is held once** a year with each ESG point of contact to follow ESG action plans.

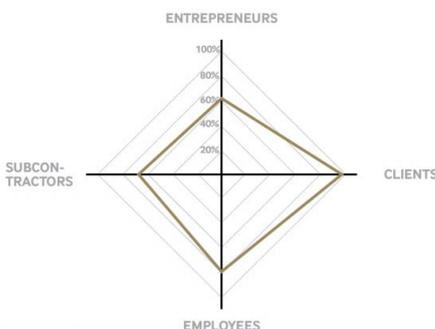
STAFF
<ul style="list-style-type: none"> ▪ Job creation ▪ Job patterns (gender, wages, etc.) ▪ Employee training and other benefits
CLIENTS
<ul style="list-style-type: none"> ▪ Quantity of goods/services provided ▪ Number of clients
SUPPLIERS & DISTRIBUTORS
Number and share of local suppliers and distributors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

Ensuring good impact management after exit

I&P and the entrepreneurs implement actions that are deeply anchored to the business of the company in order for these actions to be durable.

Impact management issues are included in exit discussions with the selected purchaser(s).

Sample Impact Screening Scorecard



PART 6

ENHANCING OUTREACH & IMPACT WITH ADVOCACY

I&P'S ADVOCACY PROJECTS

I&P'S NETWORKS

I&P is committed to a proactive advocacy policy for the recognition of SMEs as vectors of change and to the promotion of adapted financing solutions in Africa. The primary objective of our advocacy mission is to go beyond the impacts of I&P alone - which are necessarily limited in relation to the scale of the challenges facing the African continent - and to have a multiplier effect on our contribution to Africa's development agenda.

STUDIES & REPORTS

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



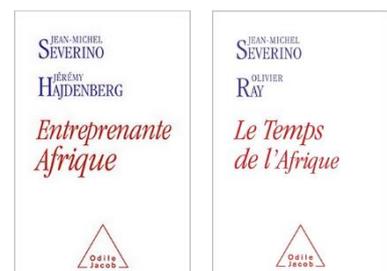
ARTICLES & BLOG

The team regularly shares its experience and best practices on the themes of impact investing and African entrepreneurship through specialized media and blogs.

In 2018, in partnership with FERDI, I&P launched the blog *Entreprenante Afrique*.

BOOKS

The team also contributes to pleading the African cause through its own publications.



VIDEOS

I&P showcases its African partner companies through short videos that retrace the path of the entrepreneur and key company impacts.

FOCUS

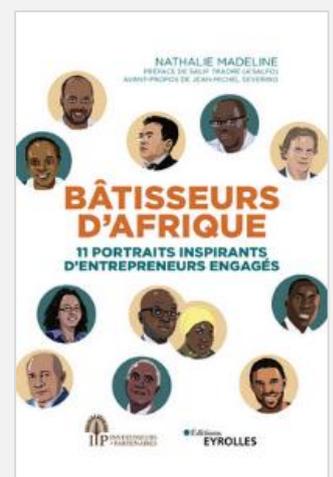
NEW BOOK "BÂTISSEURS D'AFRIQUE"

I&P is pleased to announce the publication of the book *Bâtisseurs d'Afrique*, published by Editions Eyrolles (in French only for now).

The author, Nathalie Madeline, met with 11 entrepreneurs who have been supported by I&P, and traces their different journeys. Born in Madagascar, Senegal, Mali, Mauritania... or in France, they embarked on their entrepreneurial adventure in the agribusiness, health, energy or construction sectors, with the goals of providing access to essential goods and services for all and of serving their community.



[Read more](#)



I&P's ecosystem

I&P helps foster the emerging ecosystem of impact investors and exemplifies its mission through multiple networks. Our commitment is reflected in external evaluations and certifications such as the B-Corp™ certification or the Operating Principles for Impact Management.

A COMMITMENT TO RESPONSIBLE INVESTMENT



- I&P is a signatory of the six **Principles for Responsible Investment**, promoted by the United Nations.
- In 2017, I&P joined the **global** community of **certified B-Corporation™** companies, an independent label that brings together companies around the world that wish to make a positive contribution to a sustainable society and that meet demanding criteria in terms of strategy and transparency in their business approach.
- In 2019, I&P was one of the first 60 investors to adopt the "**Operating Principles for Impact Management**" defined by the International Finance Corporation's rigorous and transparent standards to regulate impact investing.

IMPACT INVESTING & PHILANTHROPY NETWORKS



AFRICAN NETWORKS



IPDEV 2 TEAM MEMBERS



David Munnich | Executive Director, I&P Acceleration and I&P Development

David joined I&P in 2009. Since 2013 has worked on the development of IPDEV 2 and supports Miarakap and Teranga Capital's teams.



Mamadou Ndao | Investment Officer

Mamadou joined I&P in 2015. Initially based in Dakar, he joined the Paris offices to support Sinergi Burkina and also the launch of another funds in Mali.



Hugues Vincent-Genod | Investment Manager

Hugues joined I&P in 2011. Initially based in Ghana, he joined the Paris offices to support the development of IPDEV 2. He is also contributing to the launch of another funds in Uganda.



Sophie Ménager | Director of I&P Acceleration in Sahel

Sophie joined I&P in 2014 as Financial Manager of the IPAE fund. She is now coordinating I&P's Acceleration Program in the Sahel region.



Raphael Dumont | Investment Officer

Raphael joined I&P in 2016. He then joined the IPDEV 2 team end of 2019, supporting Comoé Capital's team. He is also contributing to the launch of new funds.



Yacine Simporé | Investment Officer

Yacine joined I&P in 2018 as Investment Officer supporting Sinergi Niger's team. She is also contributing to the launch of new funds.

DISCLAIMER

The impact data collecting methodology is based on declarative questionnaires filled out by the investees. The information is considered to be reliable as with our proximity on the field through IPDEV 2 funds teams, the results can be verified and all reasonable care has been taken in the preparation of this document. However, some errors, inaccuracies or omissions can occur. I&P is continuously evolving and improving its impact methodology in order to improve the accuracy of data and analysis but cannot certify the scientific veracity of the data. This annually unaudited impact report may contain or refer to past results. Past results are no guarantee for future results. By accepting this document, you agree to be bound by the foregoing limitations.

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