



I&P Afrique Entrepreneurs 1

ANNUAL ESG AND IMPACT REPORT

MARCH 2021

FOREWORD

At I&P, we are convinced that Small and Medium-Sized businesses are key players for inclusive growth.

In 2020, **the heavy toll taken by the Covid-19 pandemic** was about direct victims, but also about losses in revenues for millions of people who lost their jobs due to the economic crisis. Many companies were hit hard.

The SMEs supported through I&P Afrique Entrepreneurs have gone through a tough period but they have shown an **outstanding resilience and a strong capacity to adapt quickly** to unprecedented life and work conditions. They have done their utmost to protect their teams and employees. Some have changed their business model. Some have gone 100% virtual in just a few weeks. This shows their agility in such an unexpected context.

In the new situation that will prevail after the pandemic, the **role of entrepreneurs will be even more instrumental** in transforming the economies and in creating more stable jobs.

More than ever, I&P can prove to be **a particularly well suited tool to address the challenges of our times**. The purpose of impact investing is to create economic and human prosperity where markets don't work, where investors usually don't go because it's too difficult, too costly, too risky – while of course seeking financial sustainability. Our role becomes even more important, both in supporting African entrepreneurs and in advocating for their cause in African public policy.



Jean-Michel SEVERINO
CEO, Investisseurs & Partenaires

A WORD FROM THE TEAM

Across the investing world, **ESG is emerging as one of the hottest investment themes for fund managers**. As a result, there have been many ESG-related speeches and lots of positive declarations, all steps in the right direction.

With the SMEs we invest in, however, **ESG actions speak louder than words**. The consequences of ESG issues are a lived reality that companies must embed in their decision-making process in order to survive and thrive.

Take **Eden Tree for example**, that we have supported with IPAE1. This woman-led fresh produce distribution business sources vegetables from more than 150 small holder farmers in Ghana. Over the past few years, the effects of climate change have started to affect the yields of these farmers. Eden Tree has stepped up to provide support in terms of facilitating and advocating for climate-friendly agronomic practices. At the same time, we encouraged the company to complete the upgrading of its processing facility to be partly solar-power driven.

As an impact investor, **I&P supports these SME entrepreneurs to navigate these complex ESG situations in a challenging context. On this matter, we cannot afford words without action.**



Baafour OTU-BOATENG
Investment Director, Ghana

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INVESTEE ESG & IMPACT REPORTS



IOT © Joan Bardeletti

IPAE 1 - ESG & IMPACT REPORT

IMPACT THESIS AND METHODOLOGY

IMPACT MANAGEMENT IN 2020

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INVESTEE ESG & IMPACT REPORTS

OVERVIEW

Investisseurs & Partenaires (I&P) is a **pioneering impact investment group entirely dedicated to financing and supporting small and medium-sized enterprises (SMEs) and start-ups in Sub-Saharan Africa**. Launched in 2002, I&P has developed three complementary business models to provide SMEs the necessary financing and skills. As an impact investor, I&P has a dual objective of financial return and impact.

A COMMITTED TEAM OF 100 FRANCO-AFRICAN STAFF

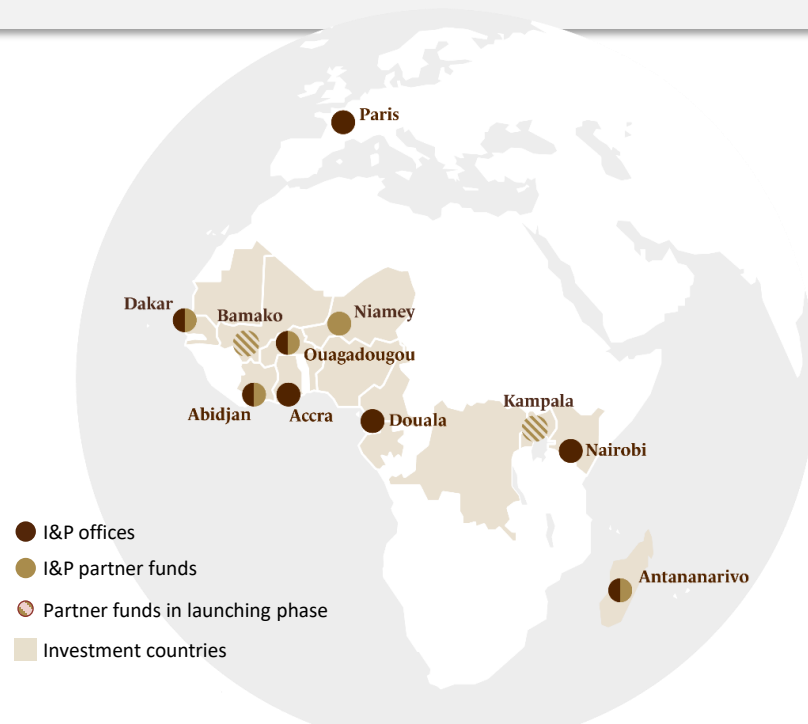
- Based in **10 African sites**: Burkina Faso, Cameroon, Côte d'Ivoire, Ghana, Madagascar, Mali, Niger, Senegal, Uganda, as well as **in Paris and Washington D.C.**
- I&P and its partner funds have raised **€210+ million** from African and international investors.

MORE THAN 170 COMPANIES SUPPORTED

- 120** capital-funded companies and 50 companies benefiting from subsidized acceleration programs
- With financing needs ranging from **€10,000 to €5 million**
- Based or operating in **15 Sub-Saharan African countries**

3 COMPLEMENTARY LINES OF BUSINESS

- I&P Expansion**: Directly supporting and financing the development of SMEs and start-ups and strengthening their impact (IPAE1 and 2)
- I&P Development**: Financing small businesses through a network of partner funds in Africa (IPDEV1 and 2).
- I&P Acceleration**: Scaling-up young businesses through seed-funding and/or training program (IPAS, IPAT....)



IPAE 1 is part of I&P Expansion's line of business:

Fund size	€54M
Investment size	From €300,000 to €1.5M
Number of investments	29 investments
Geographical scope	Sub-Saharan Africa (focus on Western, Central, East Africa, and the Indian Ocean)
Sectors	Working in various sectors
Fund life	Closed-end, 10-year tenure, with a possible 2-year extension

MISSION

Our commitment to the development and growth of African economies

I&P was created to contribute to alleviating poverty in a unique and original way: through **promoting SMEs and start-ups in Africa**. The rationale is that small businesses are one of the key drivers of increased productivity, formal decent employment and access to key goods and services improving people's lives in African societies. African entrepreneurs also transform the culture, the mindset and the structure of African societies. We believe in their ability to generate both a positive financial return and social and environmental impacts.

As documented in this report, formal SMEs pay taxes, which contribute to social expenditures and the provision of public services, which in turn strengthens the national social contract. Formal jobs also have significant benefits for employees, who can access lending, housing, health care and many other social and economic services that can dramatically improve their lives.

Our report also demonstrates **the magnitude of the impacts IPAE2 businesses have on their clients**, who benefit from the goods and services our partner companies provide. They also directly influence their suppliers. In sectors like agribusiness, thousands of smallholder farmers are positively impacted by the SMEs IPAE2 supports. IPAE2 SMEs also help shape the financial sector through their relationships with banks and their shareholders. Through their boards and management, a new form of governance is being introduced into the African economy. The ESG support that IPAE2 provides to our partner companies helps maximize this whole range of impacts, which include benefits such as employer-provided/subsidized health care for employees and their families.

I&P was born from the idea that equity investment, and technical support can efficiently help entrepreneurs to grow their businesses from the earliest stages of their development. **Our mission is to address the “missing middle”**, those SMEs that, given their small size, do not have access to international investors and banks but whose financing needs are also too great to qualify for microfinancing. We help move SMEs into the formal financial economy of their country. We are convinced that this support allows them to improve their financial performance while improving their social and environmental practices.

Additionality and sustainability are key concepts for IPAE2. Not only do we operate in particularly vulnerable countries which are largely underserved by other investors, but within these countries, we then target those SMEs that are suffering most from a lack of financing. IPAE 2 is helping to develop a SME eco-system that would not have been possible without our funding. However, we are also deeply aware of the negative externalities generated by the economic activity involved. Therefore, as often as possible we support businesses that provide direct environmental and social services. We also help reduce CO2 emissions, limit and manage waste and combat biodiversity loss.



ADDRESSING THE “MISSING MIDDLE” IN AFRICA

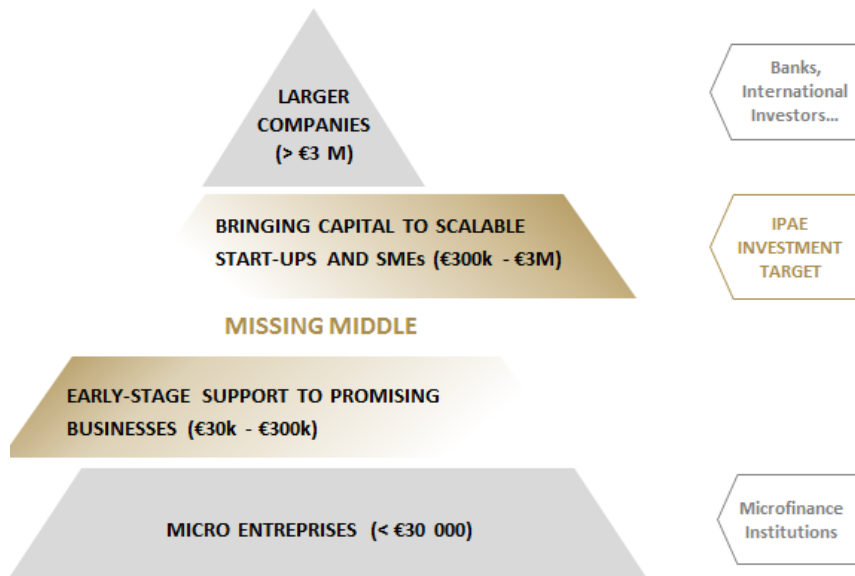
Private equity: a proven response to the growth needs of SMEs

WHY PROMOTING AND GROWING SMEs MATTERS

SMEs appear as solution to many development challenges in Africa as they :

- **Create decent and stable jobs** that offer higher wages than in the informal sector (50% to 60% higher according to data from Ghana and Tanzania)
- **Offer well above-average growth potential** (15% per year on average for IPAE1 portfolio companies)
- **Build and structure the local economic fabrics.** SMEs tend to obtain their supplies locally, unlike multinationals, which tend to rely on international networks.
- **Improve access to useful goods and services for domestic markets** and the BOP (such as water, healthcare, housing and education). African SMEs tend to be predominantly focused on domestic markets, thus filling these gaps.

Financing the missing middle in Sub-Saharan Africa²



PRIVATE EQUITY: A NEW SOLUTION FOR AFRICAN SMEs

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

- ① **Personalized long-term risk finance:** private equity investors can provide long-term equity and quasi-equity finance, often without asset-based collateral
- ② **Accessing skills:** the investor provides individualized management support to the investees in various areas of expertise (strategy, accounting, financial management...)
- ③ **Improving governance:** the investor structures the governance of the companies and improves management standards
- ④ **Catalyzing effect:** the presence of an investor facilitates bank financing

¹ Enterprise Surveys, World Bank Group

² Lundin Foundation: “Resourcing The Missing Middle”

INVESTING IN SUB-SAHARAN AFRICAN

A dynamic yet challenging region

COVID19 Crisis and its consequences

- Sub Saharan African countries has been hard hit by the COVID-19 pandemic, with activity in the region shrinking by an estimated **3.7%** in 2020 (World Bank).
- The hardest hit countries were those with **large domestic outbreaks**, those heavily **dependent on travel and tourism**. As well as **commodity exporters**, particularly of oil.
- There was also an increase of government debt to **70%** of GDP in 2020. As economic activity and government revenues sharply fell while pandemic related spending rose appreciably.

Economic Recovery ahead

- **Growth is forecast to resume at a moderate average pace of 3% in 2021-22.** Which is 0.4 percentage point weaker than previously projected.
- Africa **will become the world's youngest and most populous continent** over the next few decades. Its labor force will rise from the estimated 620 million in 2013 to **nearly 2 billion in 2063** (AfDB). A demographic dividend could provide a great opportunity for Africa, if, and only if, the continent manages to cope with the current health and economic crisis in order to provide economic opportunities for all.

A strong entrepreneurial spirit

- A 2015 Approved Index study ranked Africa among **the top of the entrepreneurship chart**.
- **26% of sub-Saharan African women are actively involved in entrepreneurship**, making Africa the leading continent for women entrepreneurship (Rolland Berger).

Still many development challenges

- Africa's recent high economic growth rates **have not been accompanied by high job growth rates**. Between 2000 and 2008, employment grew at an annual average of 2.8%, roughly half the rate of economic growth. Hence the importance of financing SMEs that have a greater potential for job creation.
- **African SMEs suffer from very limited access to the formal financial sector:** more than 21% of SMEs cite access to finance as the major factor limiting their growth (WBES, 2019).

In such a context, I&P capitalizes on its knowledge in the field and on its 19 years of impact investing in these countries. This enables it to fulfill its mission to invest in these fragile countries by managing the risks involved as effectively as possible.

IPAE1'S FOCUS ON LEAST DEVELOPED AND FRAGILE STATES

82% of IPAE1 investments are operating in Least Developed Countries or Fragile Countries. These designations are established by the United Nations and the World Bank, respectively.

IMPACT OF THE COVID-19 CRISIS

Sub-Saharan Africa has been hard hit by the COVID-19 pandemic, with activity in the region shrinking by an estimated 3.7% last year. Growth is forecast to resume at a moderate average pace of 3% in 2021-22—0.4 percentage point weaker than previously projected.

There was also a step-change in government indebtedness in 2020, as economic activity and government revenues sharply fell while pandemic related spending rose appreciably. Mostly with the combination of the **disruption of China related supply chains, the collapse of the export market towards Asia and Europe, and the unprecedented drop in oil and key mineral prices**. Moreover, **remittance inflows dropped** by about 7% to reach 78.3 \$ billions in 2020. Whereas, remittances are the main source of external financial contribution in Africa.

IMPACT ON PORTFOLIO COMPANIES:

- **Expansion companies have suffered the most** with a decline of their turnover by 7% in 2020 compared to 2019, while it “only” decreased by 2% for Early Stage companies.
- Promoters had to **focus their efforts on the crisis management** and had to postpone their fundraising activities or delay the exit process they were committed to with IPAE.
- The Portfolio’s **overall job growth remains positive but decreased by 42%** (1387 jobs in 2020 vs 2413 jobs in 2019).
- The proportion of female employees has not been significantly impacted (a 2 percentage point decrease). The majority of companies that experienced a drop of at least 5% come from the manufacturing sector.
- Most companies experienced **treasury crisis and staff reduction** or at least teleworking at one point or another during the crisis.

OUR RESPONSE:

In these circumstances, the IPAE team has tried to tailor I&P’s support to the needs of its partner companies:

- ➔ **Flexible use of our investment capabilities with an impact on equity raising and valuation:** supporting portfolio companies particularly affected by the crisis by granting a moratorium on loan repayments, or by adjusting the investment cap to allow for the recycling of redemptions received as emergency follow-on investments.
- ➔ **Crisis management and pivoting SMEs:** the IPAE teams provided support by helping portfolio SMEs explore local funding opportunities specific to their activities or specific to a change in their business model, and/or alternative support in the form of bridge loans or covid relief funds.
- ➔ **An hands-on strategic and operational support** was brought to the entrepreneurs in the area of crisis management, be it through a short crisis webinar, or the improvement of their Business Continuity Plan through technical assistance for example , etc.
- ➔ **Keeping a cautious approach towards exits** although the outlook on the portfolio is encouraging: 8 committed exits and promoters showing their best efforts to meet their commitments.



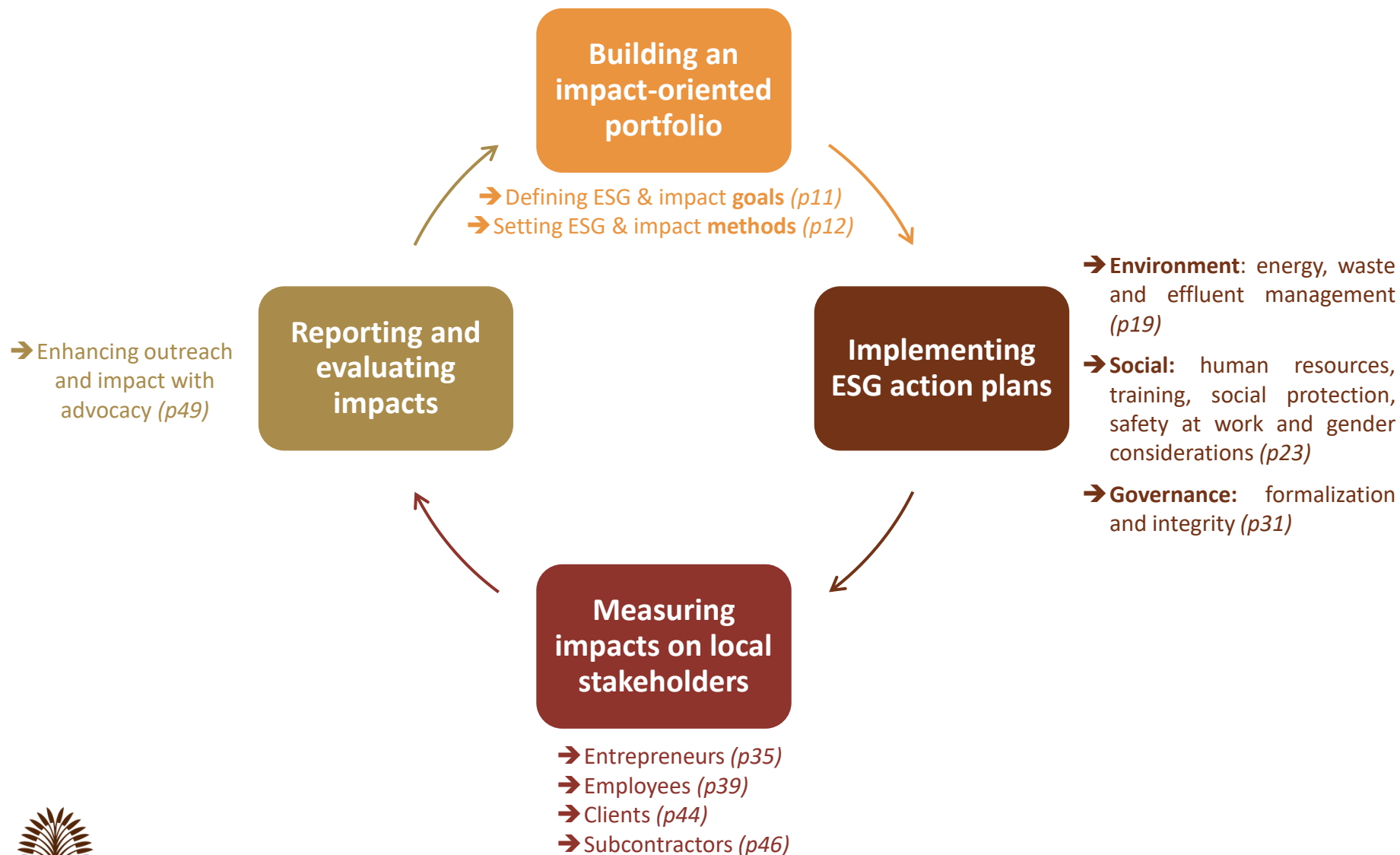
FOCUS ON ENVAL

ENVAL, Côte d’Ivoire

Clients decided to slow down their testing campaigns during the period, with a big impact on turnover. Moreover, acquisition of key reagents was made complicated by the crisis and the cost of supply increased, which caused delays in the delivery of analysis and additional working capital needs. An important effort of receivables collection was carried out in order to mitigate the impact of the crisis.



I&P'S IMPACT MANAGEMENT WHEEL



ESG AND IMPACT OVERARCHING OBJECTIVES

Four impact goals supported by strong ESG performance

FROM ESG
TO IMPACT

RISK MANAGEMENT

Understand and minimize Environmental Social and Governance (ESG) risks

VALUE CREATION FOR THE INVESTEE COMPANY

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

DEVELOPMENT IMPACT

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

ENTREPRENEURS

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

EMPLOYEES

Create decent jobs and training opportunities

CLIENTS

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

SUBCONTRACTORS

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

while fostering environmentally friendly development

and integrating a gender lens perspective

I&P'S MAIN CONTRIBUTION TO THE SDGS

1

NO
POVERTY



5

GENDER
EQUALITY



8

DECENT WORK AND
ECONOMIC GROWTH



10

REDUCED
INEQUALITIES



12

RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13

CLIMATE
ACTION



17

PARTNERSHIPS
FOR THE GOALS



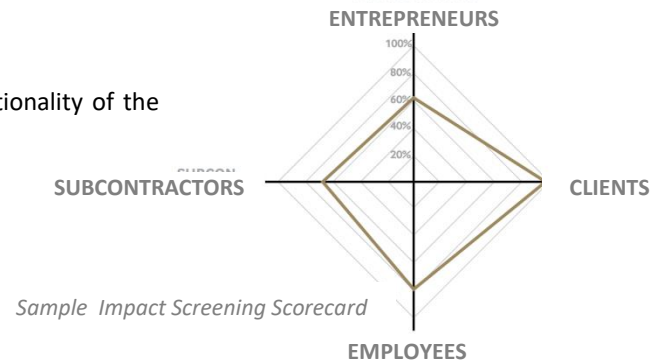
IMPACT MANAGEMENT – PRE-INVESTMENT

Screening investment projects on ESG & impact

ASSESSING PROSPECTIVE IMPACTS

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

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

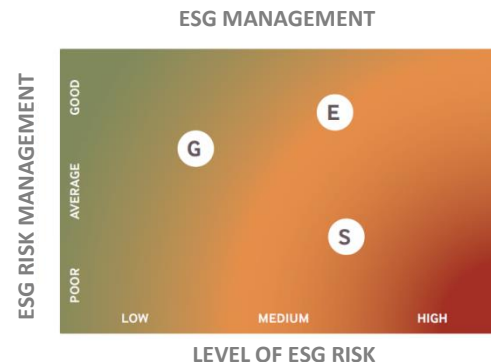


EVALUATING ESG RISK AND ESG MANAGEMENT

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

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

Sample ESG risk categorization matrix



CONDUCTING ESG RISK DUE DILIGENCE

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

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

IMPACT MANAGEMENT – POST-INVESTMENT

Impact and ESG monitoring during investment and exit

IMPLEMENTING ESG ACTION PLANS TO GENERATE ECONOMIC AND SOCIETAL PERFORMANCE

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

MEASURING ESG & IMPACT RESULTS ANNUALLY



Annual Collection & Analysis of Impact Indicators

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

ENTREPRENEURS

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

EMPLOYEES

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

SUBCONTRACTORS

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

CLIENTS

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



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

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

ENSURING GOOD IMPACT MANAGEMENT AFTER EXIT

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

ESG METHODOLOGY – PRI ASSESSMENT

Best in-class practices according to PRI assessment

UN Principles for Responsible Investment Pilot Assessments



- International network of investors (1,184 signatories): implementation of **6 Principles for Responsible Investment**
- **Third assessment report** based on I&P's 2020 report to the PRI. Evaluation is underway for 2021.
- Based on three modules, on a scale from A+ to D: overarching approach, private equity and inclusive finance (for microfinance)

Module	STRATEGY AND GOVERNANCE
TOTAL SCORE	29★ (out of a maximum 30★)
Band	A+ (median score of all respondents: A)

- Very good assessment, placing I&P among the top performers of its category
- To achieve the best score (30/30), increased disclosure of ESG commitments and third-party verification of the PRI annual report

Module	PRIVATE EQUITY
TOTAL SCORE	28★ (out of a maximum 30★)
Band	A (median score of all respondents: A)

- Very good assessment
- Improvement potential: more formal sustainability policies within partner companies

Module	DIRECT – INCLUSIVE FINANCE
TOTAL SCORE	34★ (out of a maximum 36★)
Band	A (median score of all respondents: A)

- Improvement (from B to A) since 2014
- As a result of an increased focus on client protection principles and social performance management

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INVESTEE ESG & IMPACT REPORTS



OVERVIEW OF IPAE 1 PORTFOLIO

PORTFOLIO

WESTERN AFRICA

15
investments

Benin

- TINCY Boulangerie (*Nutrition & Agribusiness*) *

Burkina Faso

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

Cote d'Ivoire

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

Ghana

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

Mali

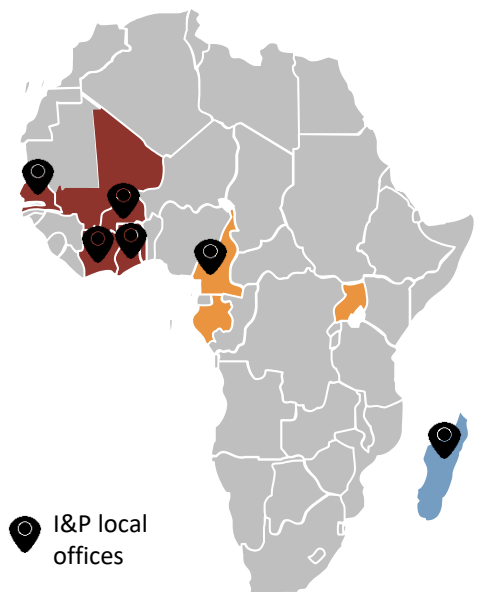
- Carrières et Chaux du Mali, CCM (*B to B Products & Services*)
- Société Malienne de Blanchisserie, SMB (*B to B Products & Services*)

Senegal

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

82%

of companies operating in Least Developed Countries or Fragile Countries



IP&P local
offices

PAN-AFRICAN

4
investments

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

CENTRAL AFRICA

5
investments

Cameroon

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

Democratic Republic of Congo

- OXUS DRC (*Microfinance*)*

Gabon

- TRIANON (*Construction & Equipment*)

Uganda

- Finance Trust Bank, FTB (*Microfinance*)

INDIAN OCEAN

6
investments

Comoros

- Banque des Comores, BDC (*Microfinance*)*

Madagascar

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

For the impact assessment, we consider the latest data for 21 SMEs only (out of 29 investments),

* We no longer receive impact report from 8 companies since IPAE has mostly or fully exited from these companies.

** Acep Madagascar and Acep Burkina are integrated in new investment ACEP GROUP

VARIOUS COUNTRIES AND SECTORS

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

12
different
countries

C
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Y

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

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

S
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10
different
sectors

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

Medium	38%
Small	38%
Very Small	23%

61%
very small or
small SMEs¹

S
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27%
early stage
companies

Expansion	73%
Early Stage	27%

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

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



Voltacars © Béchir Nialum

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- Social
- Governance

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INVESTEE ESG & IMPACT REPORTS

CONTRIBUTION TO ENVIRONMENTAL CHALLENGES

Addressing energy, waste and effluent issues



I&P wish to establish a “climate policy” to formalize our objectives and approaches to climate-resilient economic growth in Africa through private finance and local entrepreneurship.

PROMOTE ENVIRONMENTAL OPPORTUNITIES

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

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



FOCUS ON IPAE POSITIVE CONTRIBUTIONS

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

MITIGATE POTENTIAL NEGATIVE IMPACTS



REDUCING THE PORTFOLIO CARBON FOOTPRINT

OUR APPROACH

- Our partner companies can play an active role in experiencing and sharing new and replicable energy efficiency and renewable energy solutions.
- Ultimately, we aim at both separating investees’ economic growth from their carbon growth and setting an example.

OUR ACTIONS

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



MANAGING WASTE AND EFFLUENT ISSUES

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

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

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

FOCUS ON ENERGY-RELATED MEASURES

Update on energy-related actions



OUR APPROACH

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



26%

of our partner companies are using renewable energy in their mix after IPAE investment



PEG Africa

MAIN ACHIEVEMENTS SINCE IPAE INVESTMENT



ENERGY EFFICIENCY

- **Enval:** They conducted an environmental impact study to reduce their negative impact and promote better practices.
- **Carrières et Chaux du Mali (CCM):** Plans in place to use sawdust as a fuel for quicklime production
- **Conergies:** 100% of energy efficient air conditioning and cooling systems as well as audit/consulting services on energy efficiency



RENEWABLE ENERGY

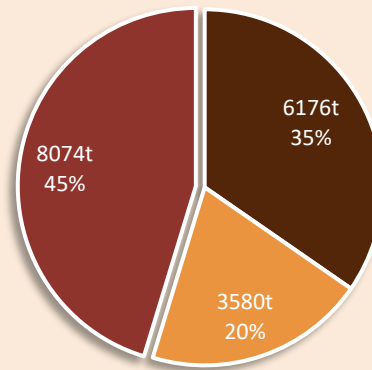
- **Ultramaille:** Installation of a hybrid system for energy optimization with solar power under study (estimated cost: EUR 150k)
- **Eden Tree:** Recent implementation of a solar PV system to reduce energy costs and carbon footprint
- **PEG:** Installation of 21,268 new solar kits for underserved rural households in 2020

CARBON FOOTPRINT

Current portfolio carbon emissions by scope and category

GHG EMISSIONS BY SCOPE IN 2020

A **carbon footprint** is measured in **tons of carbon dioxide equivalent (tCO₂e)**, which allows the different greenhouse gases (GHG) to be compared on a like-for-like basis relative to one unit of CO₂.



TOTAL: 18,100 tCO₂e

■ Total GES Scope 1 (tCO₂e)

Emissions due to the company's direct activity

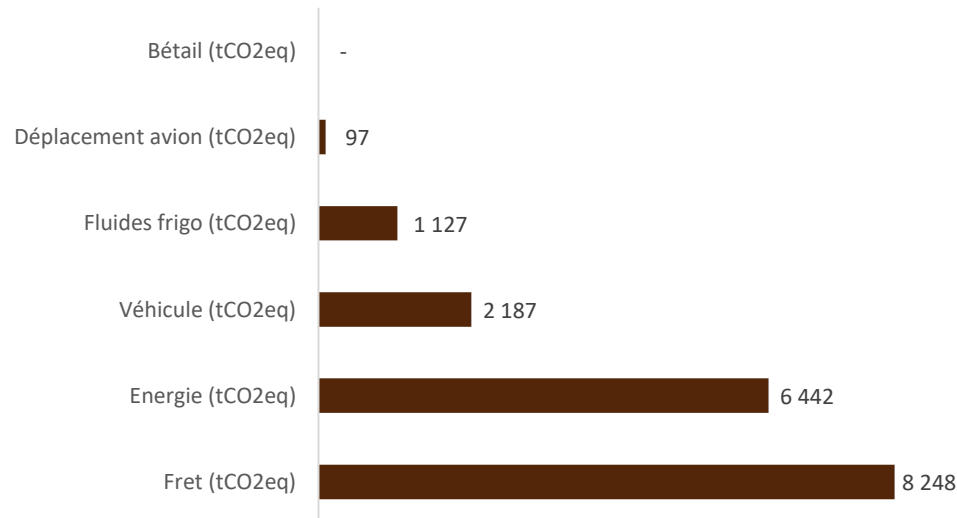
■ Total GES Scope 2 (tCO₂e)

Indirect GHG emissions from consumption of purchased electricity, heat or steam

■ Total GES Scope 3 (tCO₂e)

Other indirect emissions (production of purchased materials and fuels, transport-related activities in vehicles not owned by the company, outsourced activities, etc.)

2020 GHG emissions by category



LARGEST SOURCES OF EMISSIONS



46% from freight: Sea, air and road transport for equipment or goods, mainly due to CCM; Eden Tree and PDS activities.



36% from energy: Some companies need energy to run their plants (PDS, Pharmivoire, SCRIMAD) or for their offices.

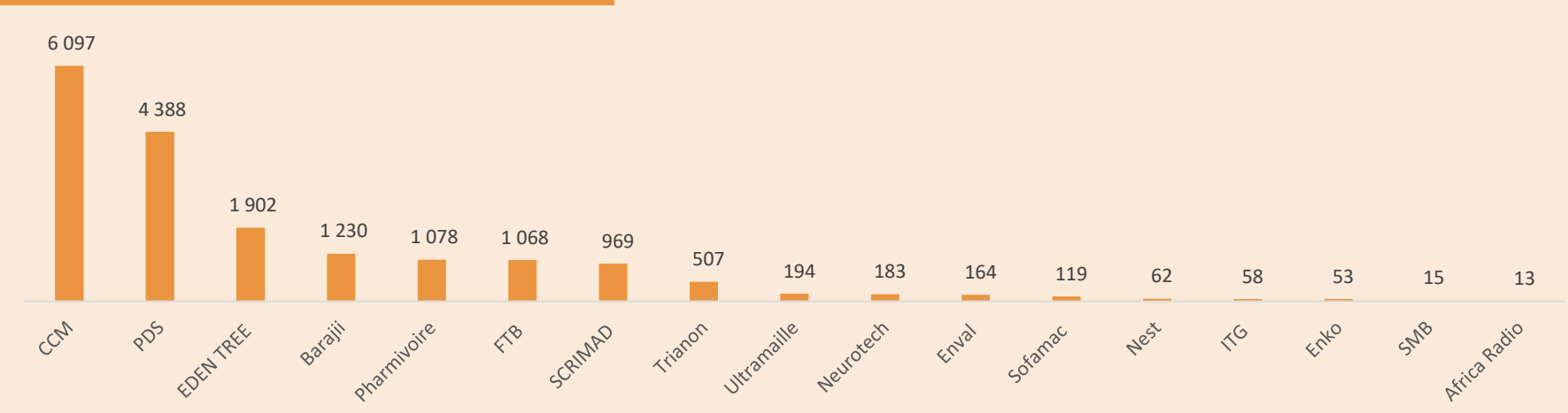


12% from company vehicles: mainly due to travel at PDS

CARBON FOOTPRINT

Current portfolio carbon emissions by company

GHG EMISSIONS BY COMPANY IN 2020



LARGEST EMITTERS

- Two companies represent the largest CO2 emitters with nearly 58% of the portfolio's total emissions. They are in manufacturing activities (PDS and CCM) for about 58% of total emissions .
- However they (PDS and CCM) contribute to environment preservation, as the quicklime production is CO2 emission neutral: the same quantity of CO2 emitted during production is captured during its use by CCM's clients ; and PDS contributes to the promotion of sustainable fishing and provide training to local fishers and surrounding communities in order to raise awareness about good practices with regards to marine species management and conservation
- The average CO2 emission of companies is 1,064 tCO2eq and about three out of four companies are below this threshold.

PROMOTING TRACEABILITY AND BEST E&S STANDARDS

Access to new certifications, skills and technologies



45% of companies incorporating new technology or knowledge transfer



32% of companies developing environmental, social or quality certifications

Implementation of international standards to ensure traceability and good industrial practices

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

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

PROMOTING SOCIAL STANDARDS IN MICROFINANCE

Implementing the SPTF Universal Standards for Social Performance Management

CUSTOMER PROTECTION PRINCIPLES

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

SOCIAL PERFORMANCE MANAGEMENT

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

Social Performance Management at ACEP GROUP

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

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

CORPORATE SOCIAL RESPONSIBILITY POLICY

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

WEBINARS

An SPM expert (Aïda Gueye) has facilitated a set of virtual workshops ACEP SPM champions (technical assistance mission). These workshops were held in 2018 and 2019 and were focused on lessons learned around several key SPM issues (impact metrics, complaint mechanisms, client surveys, ethical charter, environmental policy). Updated ALINUS assessments are currently being conducted in ACEP institutions.

CSR COMMITTEE

The creation of a holding company grouping together the various subsidiaries of ACEP was an opportunity to review the governance of the company in 2021. It now includes a CSR committee to monitor the annual roadmap of the group and the areas of improvement planned. As Head of ESG and Impact at I&P, Samuel Monteiro is a member of this committee.

HUMAN RESOURCES & TRAINING

Moving towards improved and more formalized HR practices



SDG 4.4
Promote lifelong learning opportunities
IPAE current performance

57%
of companies held at
least one training in 2020

€ 554 216
training budget in 2020

1,856
employees
trained in 2020

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

80%

have staff in
charge of HR

65%

have a formalized
HR policy

75%

have a formalized
salary grid

50%

have staff
representation systems

HUMAN RESOURCES MANAGEMENT

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

COVID-19: With the health crisis, many fewer companies conducted at least one training session during the year (78% in 2019 vs 57% in 2020). The training budget has been divided by two this year. The increase in team skills has sometimes had to take a back seat to other managerial emergencies, such as the introduction of teleworking for some teams

HEALTH INSURANCE & SOCIAL PROTECTION (1)

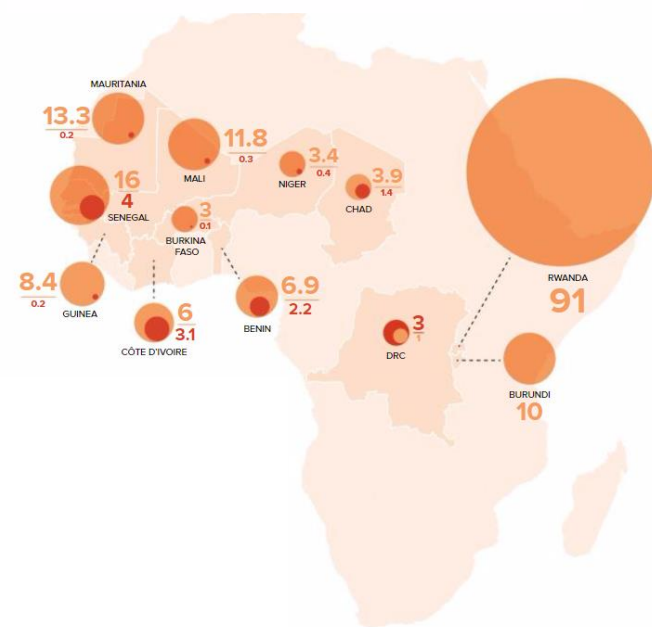
Performance of partner companies since IPAE investment

CURRENT SITUATION IN AFRICA

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

■ Mandatory insurance ■ Voluntary insurance

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



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

CURRENT SITUATION IN PARTNER COMPANIES

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

HEALTH INSURANCE & SOCIAL PROTECTION (2)

Main actions to date



SDG 3.8

Achieve universal health coverage

100%

of our companies
provide health insurance

54%

have implemented or upgraded their
system since IPAE's investment

MAIN ACTIONS TO DATE

- In 2015** Feasibility study was conducted on health insurance systems in partner companies and training provided during the annual entrepreneurs' seminar.
- In 2016 and 2017** A technical assistance contract was implemented **with a health insurance specialist**:
- Help companies implement/upgrade their health insurance systems
 - Launch pilot initiatives at the portfolio level (share occupational physicians, define minimum health care benefits)
- In 2018** The technical assistance contract ended due to increased unavailability of the health insurance expert. Projects in 2018 included:
- Implementation of a portfolio-wide study **to identify best practices & lessons learned** (25 respondents among portfolio companies). This study was shared with the entrepreneurs and presented during the 2018 entrepreneurs' annual seminar.
- In 2019** • A new independent and qualified expert/consultancy company has been identified to assist portfolio companies in case of request.

After IPAE Investment



2,474

employees are covered
by health insurance



3,543

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

HEALTH & SAFETY AT WORK

Production-related risks and road safety under close scrutiny



SDG 8.8

Promote safe and secure working environments

67%

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



MONITORING OF INDUSTRIAL AND SANITARY RISKS

- During the due diligence phase, impact assessments or technical audits are conducted for all projects involving significant risk
- Most ESG action plans include actions related to health and safety at work. In the wake of the first industrial accident in 2019, the project is launching **a technical assistance program** dedicated to occupational health and safety
 - Scope: all SMEs who have health and safety challenges
 - Objectives :
 - Assess current practices and define priority action items
 - Train entrepreneurs and employees on best practices
 - Timeline: Gradual implementation of the program, one country at a time



ROAD SAFETY REMAINS A MAJOR HEALTH AND SAFETY RISK

- The investment team regularly raises the road safety issue during board meetings and management meetings

ADDRESSING THE GENDER GAP (1)

Women's access to entrepreneurship and leadership positions



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

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

67% of those companies satisfy at least two criteria

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



FOCUS ON MAIN FIELDS OF ACTION

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

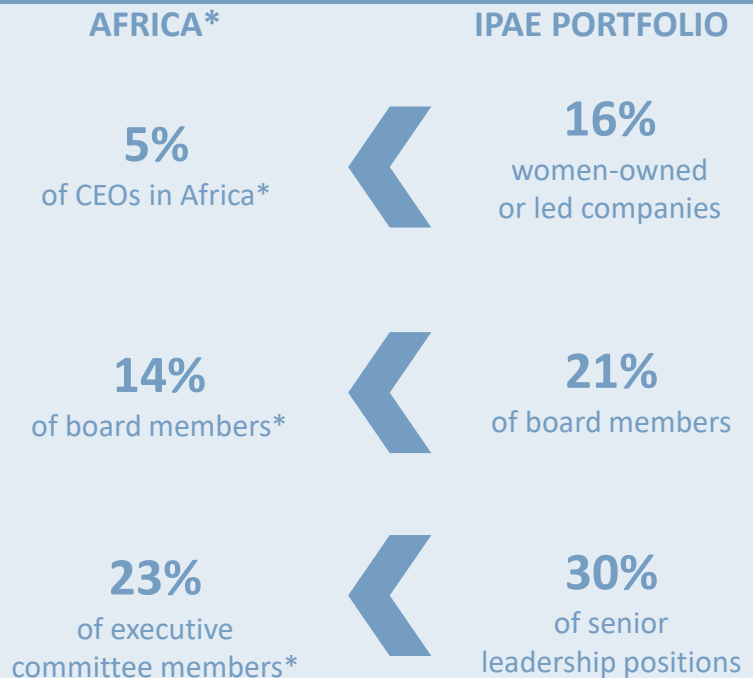
- On Women's Day 2020 I&P published a **report in order to review I&P's performance in terms of gender equality**.
- In 2019 I&P published an article entitled "**How can general impact investors tackle gender-related issues?**" in the Proparco magazine : *Private Sector & Development*.
- In 2018, a series of portraits of women entrepreneurs was realized and shared widely across our networks.
- I&P actively participated in events related to gender issues, including the **Women in Africa event**.



SDG 5.5

Ensure women's full participation in leadership

REPRESENTATION OF WOMEN : Portfolio performance after IPAE investment

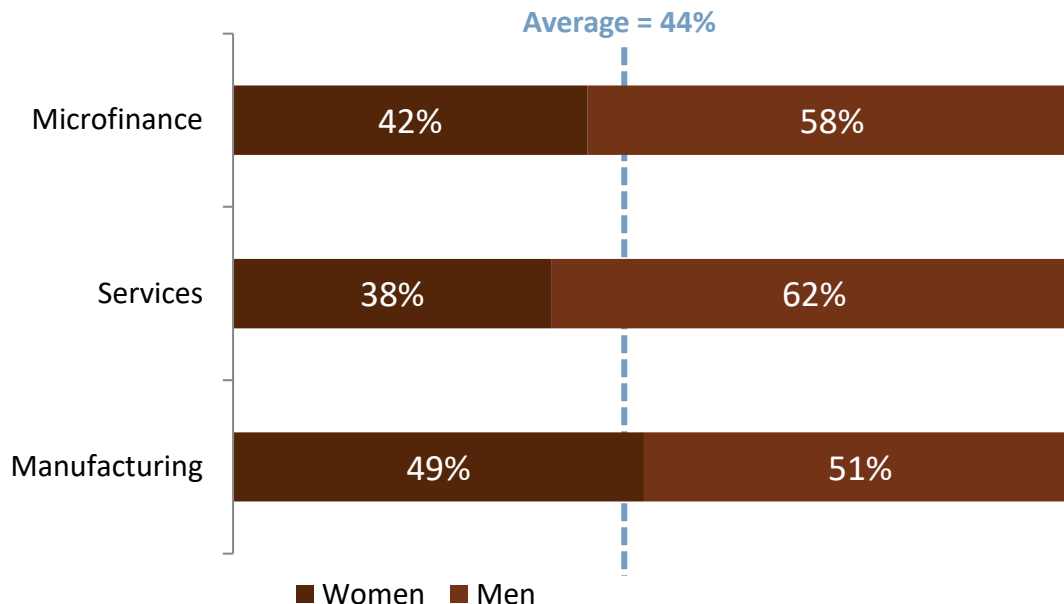


(*) Women Matter, Africa, Mc Kinsey & Company, 2016

ADDRESSING THE GENDER GAP (2)

Women's access to decent jobs and training opportunities

Gender breakdown in current IPAE portfolio by sector



KEYNOTE

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

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

The proportion of women among employees is fairly balanced, whatever the business sector, with an average of **44% of women employees** in our portfolio.

Contrary to the global data mentioned in the literature, the proportion of women remained stable in 2020. Therefore, job losses have not disproportionately affected women.



FOSTERING GOOD GOVERNANCE (1)

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



KEYNOTE

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

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

Source: 2011 African Development Report, African Development Bank

1

IMPLEMENTATION OF A SHARED GOVERNANCE

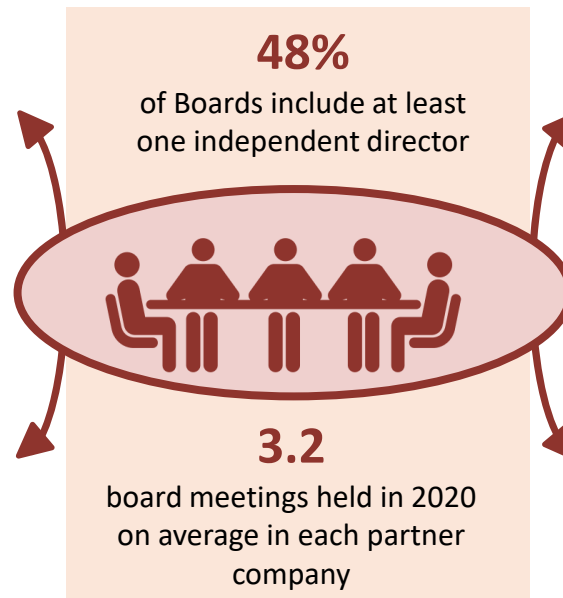
IPAE requires all partner companies to establish a Board of Directors. Board members include:

Entrepreneur(s)

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

One or two independent directors

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



One or two IPAE members

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

Other minority shareholders

might be represented in some cases.

FOSTERING GOOD GOVERNANCE (2)

Transparent & reliable accounting and management practices

2

UPGRADING OF ACCOUNTING AND REPORTING PRACTICES

OUR CONTEXT

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

OUR ACTIONS

Audited accounts

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

Training seminars

In 2018 and 2019, entrepreneur training seminars focused on financial management and change management in SME, respectively

Technical assistance

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

16

TA missions focused on improving accountability and financial practices

5

manuals for financial and accounting written.

18

TA missions focused on management information systems.

3

DIFFUSING ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

Good governance involves impeccable integrity at all levels of the company. I&P assists its portfolio companies to improve their KYC practices, to elaborate ethical codes and to fight against corruption.

CONTRIBUTION TO SME FORMALIZATION

Ensuring full social and fiscal compliance



KEYNOTE

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



SDG 17,1

Strengthened domestic resource mobilization

€10 million

in taxes paid to the local authorities in 2020



FOCUS ON MAIN AREAS OF ACTION

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

[Read more about the study](#)



IPAE 1 - ESG & IMPACT REPORT

IMPACT THESIS AND METHODOLOGY

IMPACT MANAGEMENT IN 2020

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

INVESTEE ESG & IMPACT REPORTS

PROMOTING AFRICAN ENTREPRENEURS

Support of local entrepreneurs, even in the most fragile countries

Gender-diverse entrepreneurs and managers with local roots



76% of our partner companies financed by IPAE are led by Africans

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

16% owned or led by African women

Significant local and international experience



15 years of experience in their sector

90% of the African CEOs have studied abroad

A great majority operating in the poorest and most fragile countries



82%

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



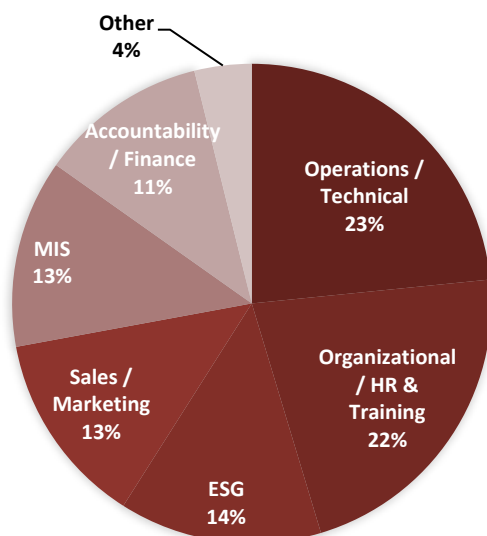
Eden Tree © Béchir Malum

SUPPORT FROM THE TECHNICAL ASSISTANCE PROGRAM

CONTEXT

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

AREAS OF ACTION



MAIN FIGURES

119 missions have been conducted and 6 are still in progress



A total budget of **€1,302k** financed by EIB (€721k), FISEA (€343k) and investee companies (€238k)



All our companies have benefited from this program



2,892 days have been dedicated to TA missions



89 different experts (**47%** African experts) have been assigned to TA missions

SUPPORT FROM THE TECHNICAL ASSISTANCE PROGRAM

Examples of missions led in various sectors



ESG & IMPACT

Acep Group (IMF) received support in the implementation of an ethics code and a CSR policy (Multi-countries)

Number of beneficiary employees: 16

Number of people trained : 8

Deliverables and tools used by the company : 2



HUMAN RESOURCES

5 companies received team management training (Delta Irrigation, Enko, Enval, Pharmivoire, Acep Burkina)

Number of beneficiary employees: 15

Number of people trained: 15

Deliverables and tools used by the company : 1



SALES & MARKETING

Implementation of an effective marketing plan at Eden Tree (Ghana)

Number of beneficiary employees: 4

Number of people trained: 4

Deliverables and tools used by the company : 3



ACCOUNTING & FINANCE

Capacity building of the accounting team at Enval (Côte d'Ivoire)

Number of beneficiary employees: 8

Number of people trained: 3

Deliverables and tools used by the company: 4



OPERATIONS

Installation of the broadcasting site in Abidjan (Panafrican)

Number of beneficiary employees: 2

Number of people trained: 1

Deliverables and tools used by the company : 2



MANAGEMENT INFORMATION SYSTEMS

Implementation of an accounting software at Neurotech (Senegal)

Number of beneficiary employees: 3

Number of people trained: 3

Deliverables and tools set up by the company: 3

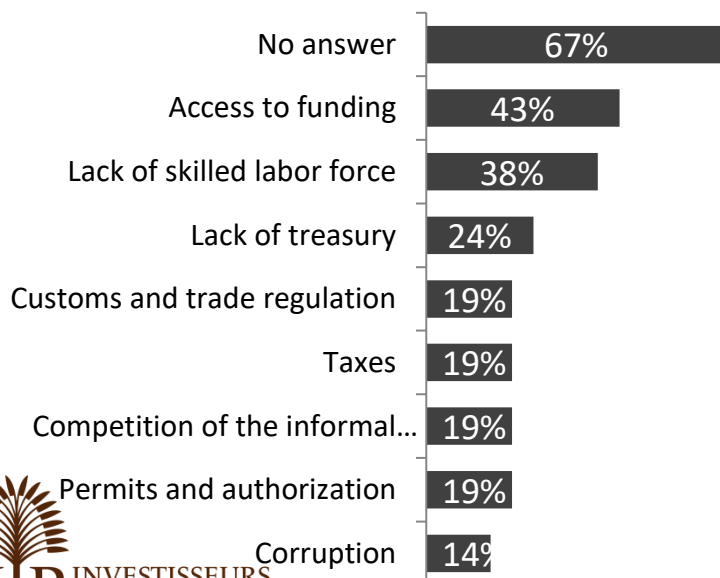
SUPPORTING ENTREPRENEURS UNDERSERVED BY FINANCING

STRONG ADDITIONALITY OF IPAE's INVESTMENT

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

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

Main obstacles faced by our investee companies during their development process



LEVERAGE EFFECT OF IPAE's INVESTMENT



SDG 17.3

Mobilize additional financial resources

- SMEs face **significant difficulty securing external financing** from local commercial banks and other traditional financiers.
- **We assist our entrepreneurs in their negotiations with other local or international financial institutions** or by participating in the search for new shareholders, using our networks. The resulting leverage effect is of 50%.



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

CREATING DECENT JOBS (1/2)

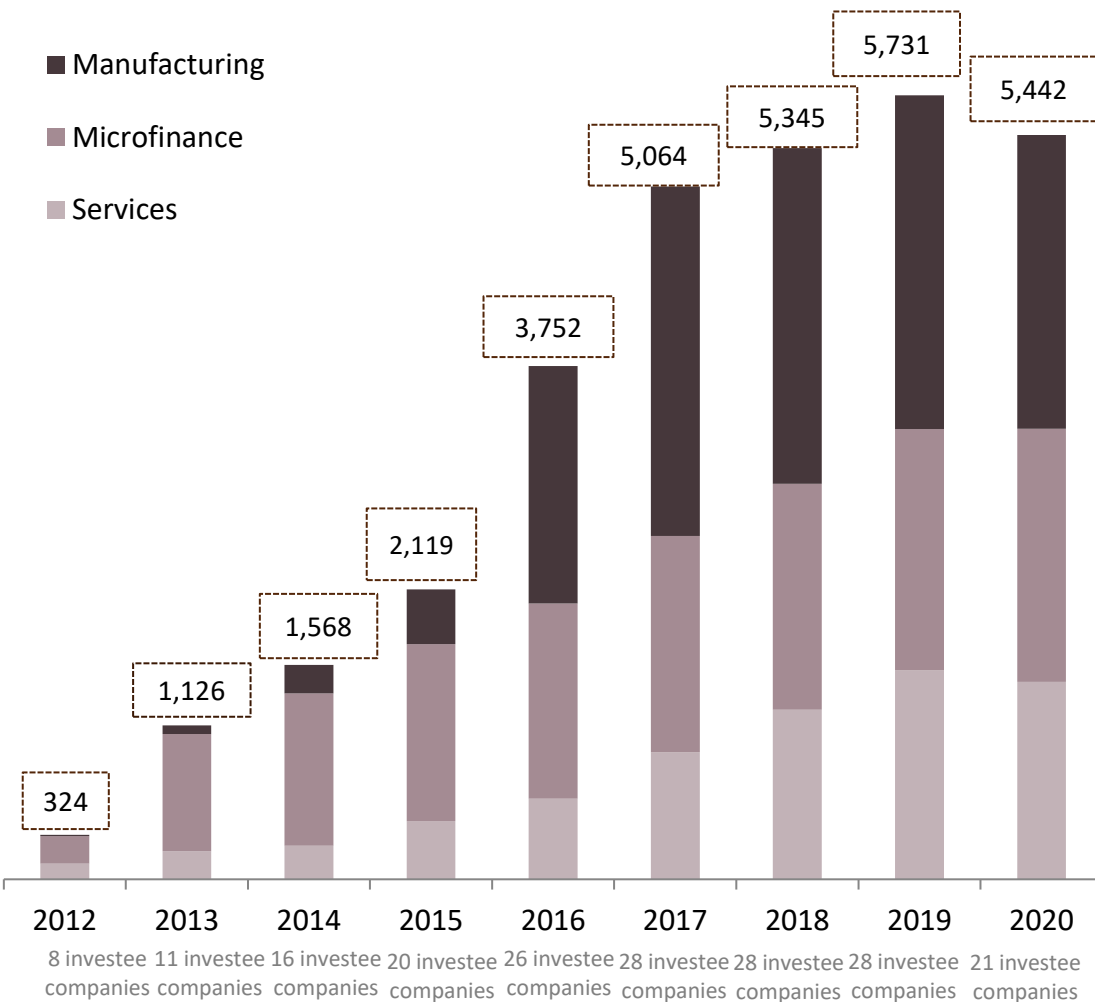
Portfolio performance after IPAE investment

EMPLOYEES

■ Manufacturing

■ Microfinance

■ Services

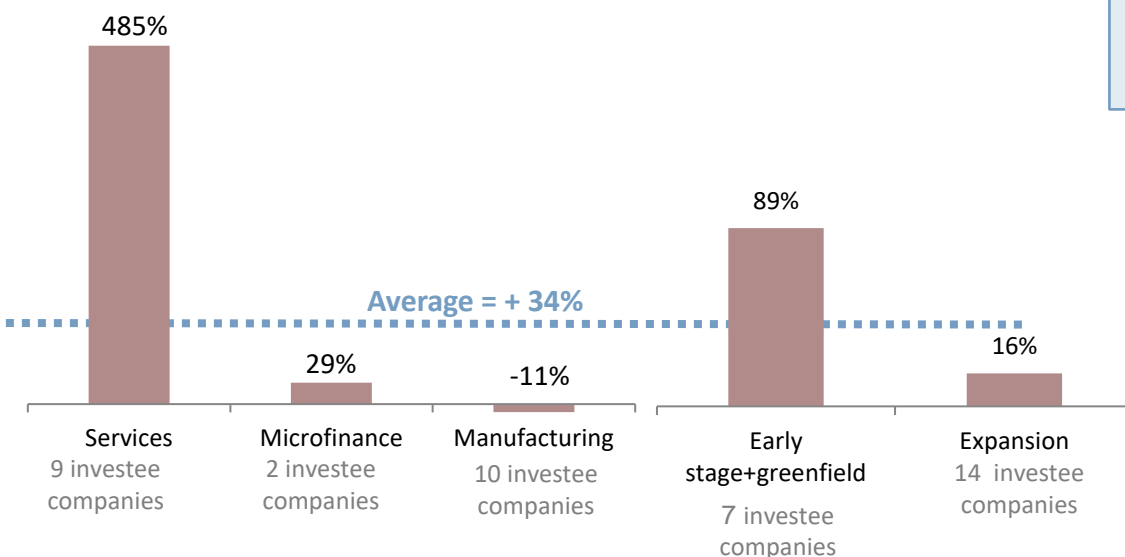


Due to the Covid crisis, 2020 has been a difficult year in terms of employment. More than a third of our partners companies have experienced a decrease in the number of employees (sometimes up to -25% as at Ultramaille, textile industry in Madagascar).



CREATING DECENT JOBS (2/2)

34% direct employment growth since IPAE's investment



15%
employment growth in
private-equity backed
companies in Africa over
the investment period
(AVCA, 2016)

34%
direct employment
growth since IPAE's
investment

- As expected, **microfinance is an important source of job creation. But has suffered greatly from the covid crisis** and has seen its overall employment level decline from last year. Growth since investment is still very much positive.
- Less well known is the equally important, and even greater, **job creation potential of service companies**. They are often very labour-intensive and their expansion often depends on the recruitment of additional human resources. Their strong job creation can also be explained by their initial development stage (more than half are start-ups).
- Manufacturing projects** have often been the most affected by the health crisis and have seen a sharp drop in employment. This is particularly the case for Ultramaille, a textile factory in Madagascar.



KEYNOTE

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

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



SDG 8.6

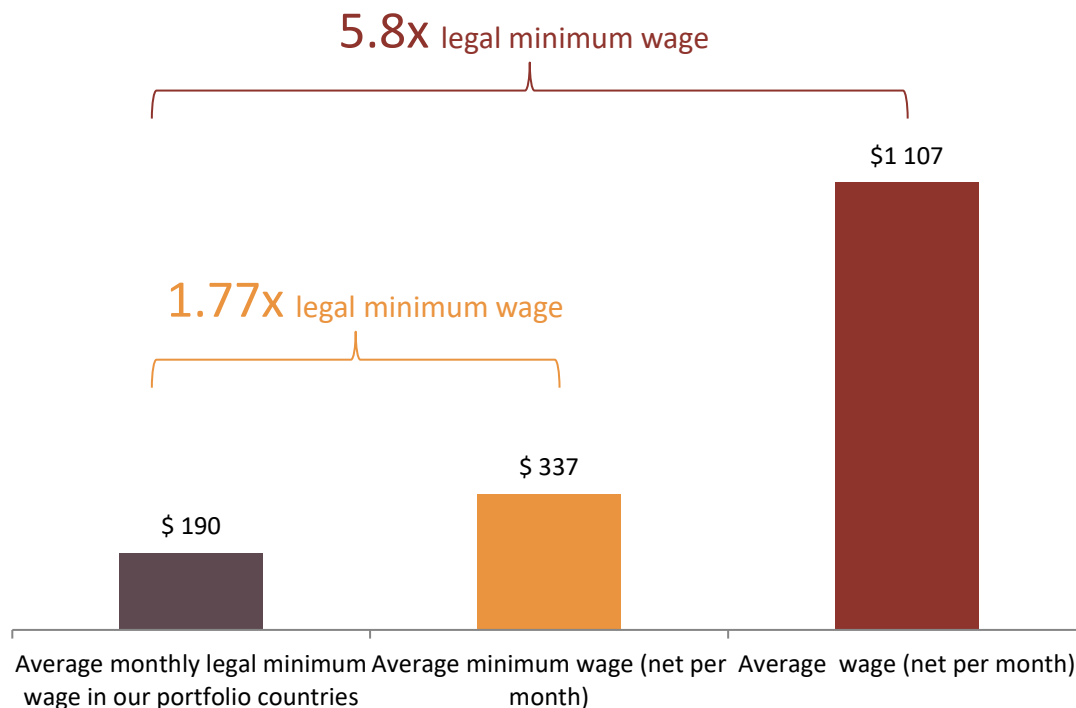
reduce the proportion of
youth not in employment

257
young employees
(under 25)

LEVEL OF WAGES

EMPLOYEES

Average minimum wage of IPAE portfolio is currently 77% higher than the legal minimum wage



Due to the variation of PPP value between 2019 and 2020, the average company minimum wage increased by 18%, while the average legal minimum wage decreased by 10%.

For example: The PPP value for Madagascar changed in such a way that the legal minimum wage (in PPP value) decreased by 29% in one year.

€133 million
in payroll paid to employees since 2012

€26 million
in payroll paid to employees in 2020



SDG 8.5
Decent work for all

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

\$1,107
average wage in portfolio companies



\$657
average wage in Sub-Saharan Africa (*)

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

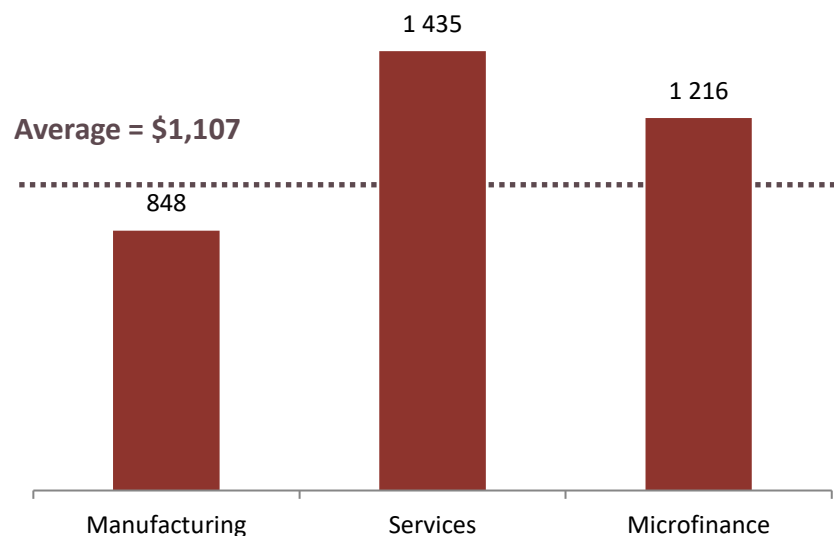
CEO wages are not taken into account in order to more accurately reflect the reality of salary levels

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

WAGES AND QUALIFICATIONS

Current portfolio performance : 30% of high-skilled employees

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



Employment breakdown per qualification, per sector

High skilled

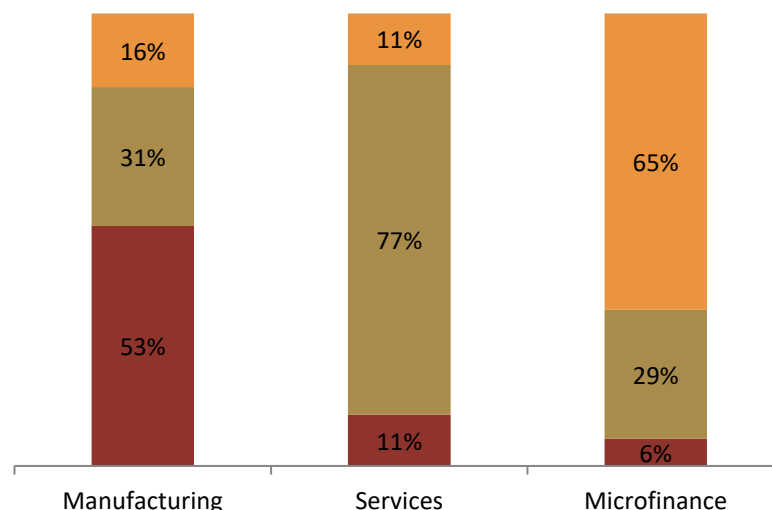
Ex: management positions

Middle skilled

Ex: credit officers

Low skilled

Ex: maintenance technicians



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



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

FOCUS ON FORMAL EMPLOYMENT

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

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



Access to employment

70%

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

70%

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



A higher wage supporting an entire household

60%

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

9

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

Essential social benefits



73%

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

78%

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

Better financial inclusion



82%

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

50%

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

ADDRESSING BASIC NEEDS IN AFRICA (1)

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

89%

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

61%

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

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

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



466 tons of fruits and vegetables sold in 2020

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

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



11,200

visits at NEST in 2020

GOAL 4: Ensure inclusive and equitable quality education

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



3,100

students in 2020



29%

Of the students received a scholarship in 2020

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



49%

of Enko students are women



31%

of microfinance institutions' borrowers are women (ACEP & FTB)

ADDRESSING BASIC NEEDS IN AFRICA (2)

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

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

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



503 811hl
of water and
juices sold in
2020

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

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



21,268
solar kits sold
in 2020

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

- **Microfinance (2 institutions to date, one exit):** Access to affordable loans for small scale enterprises



52,644
borrowers in 2020

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

- **SOFAMAC and Carrières et Chaux du Mali (CCM):** Building material industries

- **ENVAL Laboratoire:** Microbiological and physico-chemical tests and analysis

- **Trianon :** Building company

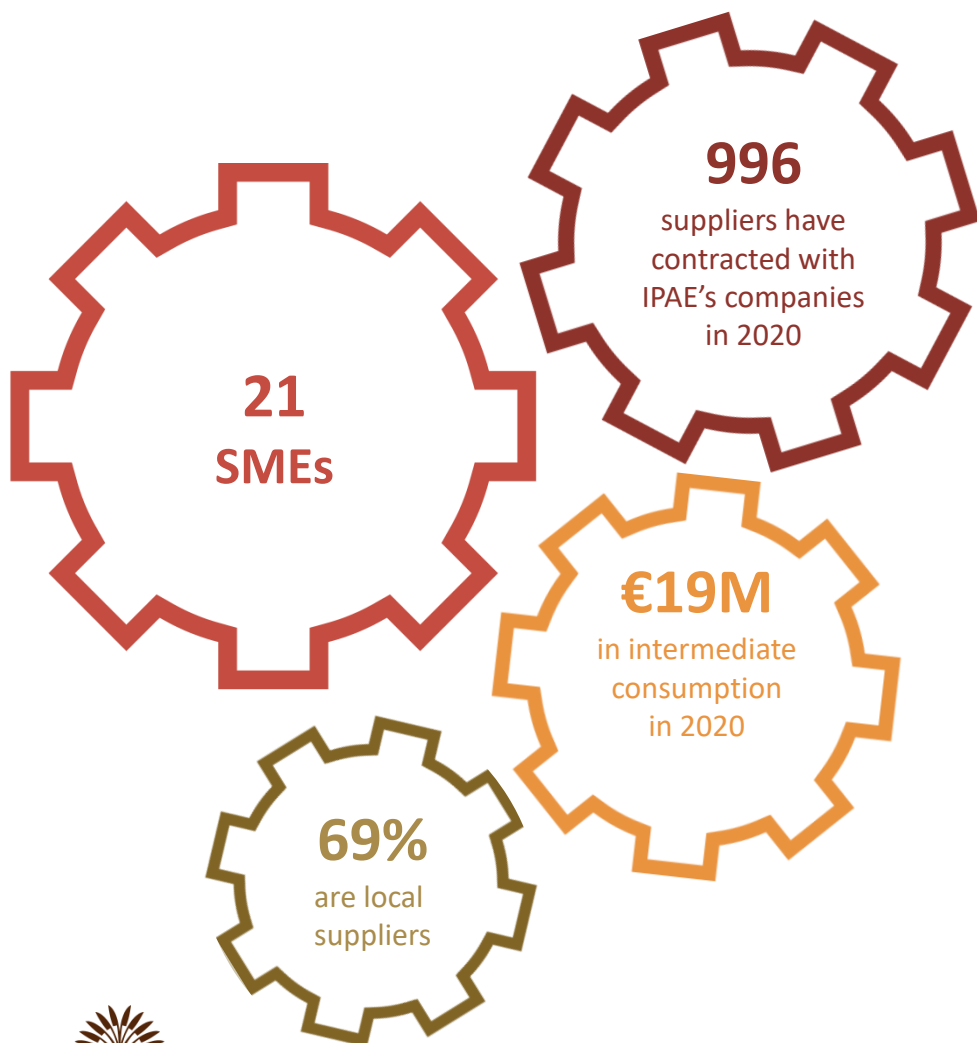
- **CONERGIES:** Air conditioning and industrial cooling systems using energy-efficient technologies



11,668
tons of quicklime
sold in 2020

RIPPLE EFFECT ON LOCAL SUPPLIERS

SMEs build local networks of subcontractors



AGRIBUSINESS

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



2,722 tons of fruits and vegetables collected in 2020 by SCRIMAD and Eden Tree



5,108 small producers reached in 2020 by SCRIMAD, Eden Tree and PDS



14% of small producers are women (SCRIMAD, Eden Tree and PDS subsidiaries)

TECHNICAL ASSISTANCE

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

50% of small producers have received TA and inputs¹

¹This data refers not only to IPAE-provided technical assistance but also to other programs implemented by the companies themselves

IPAE'S MAIN RESULTS IN 2020

ENTREPRENEURS

- **88%** of our partner entrepreneurs are **rooted in Africa** for the long term
- **82%** of our partner entrepreneurs operating in **Least Developed Countries** and/or Fragile Countries
- **96%** of companies would not have been able to carry out their investment project without IPAE's funding or would have done so at a smaller scale
- **€1.5 raised for each €1 invested** by IPAE

EMPLOYEES

- **4,055 jobs** maintained or created since 2012
- **30,063 household members** impacted
- **34% direct employment growth** since IPAE's investment
- **100%** of our companies provide health insurance

IPAE 1 SMEs

- **996 suppliers** have contracted with IPAE companies
- **69% of suppliers are local**
- Over **5,000 small producers** reached

- **89%** of our partner companies address local needs
- **61%** of our partner companies provide goods or services that address **essential needs and contribute to the new SDGs**

SUBCONTRACTORS

CLIENTS

E

48%

of our partner companies
implement "green" projects

S

44%

of women employees
in our portfolio

G

€9,5M

in taxes paid to
the authorities in 2020



Ultramaille © Zen Design

IPAE 1 - ESG & IMPACT REPORT

IMPACT THESIS AND METHODOLOGY

IMPACT MANAGEMENT IN 2020

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

INVESTEE ESG & IMPACT REPORTS

I&P'S ADVOCACY POLICY

Our vision and objectives

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** 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.

[Find out more](#)



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***.



VIDEOS

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

[Watch our videos](#)



BOOKS

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

In 2020, I&P published “Bâtisseurs d’Afrique”. Its author, Nathalie Madeline, met with 11 entrepreneurs accompanied by I&P, and traces their different journeys. [Read more](#)



FOCUS : A BLOG DEDICATED TO AFRICAN ENTREPRENEURSHIP

I&P launched the blog “Entreprenante Afrique” to promote entrepreneurial dynamism in sub-Saharan Africa and to better understand the context in which African entrepreneurs are working. The blog gathers research articles, experience sharing and field testimonies on African entrepreneurship.

[Discover the blog](#)



PROMOTING GOOD PRACTICES

A growing ecosystem

I&P helps **grow 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 and the Operating Principles for Impact Management.**

IMPACT INVESTING AND PHILANTHROPY NETWORKS



AFRICAN ENTREPRENEURSHIP AND PRIVATE EQUITY NETWORKS



PROMOTE ENTREPRENEURIALS' VOICES IN AFRICA

Focus on the African Club of Entrepreneurs



In 2016, I&P sparked the creation of the **African Club of Entrepreneurs**, a pan-African NGO (based in Abidjan) that serves a threefold purpose:

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



ADVOCACY PROJECTS AND MAIN ACTIVITIES IN 2020

The Club is one of the founding partners and a regular **contributor of the blog "[Entreprenante Afrique](#)"**, in collaboration with I&P and FERDI

Company visits by the executive office to learn about entrepreneurs' experiences and situations on the ground (Dakar, January 2020)

Cancellation of the 9th edition of the annual training seminar because of the covid-19 crisis.

Executive Manager meeting with **Burkina Faso employers' organization (CNPB)** to present the Club and discuss opportunities for collaboration (Ouagadougou, March 2020)

Country cluster meetings for sharing experiences (Dakar, January 2020)

Webinar on "**Business Continuity Management in crisis periods**", on October 16, 2020, hosted by Mazars

Grant agreement of German Cooperation through GIZ Côte d'Ivoire for the **capacity building of the SME** members of the Club. December 2020

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