



Annual Impact Report 2021

INTRODUCTION



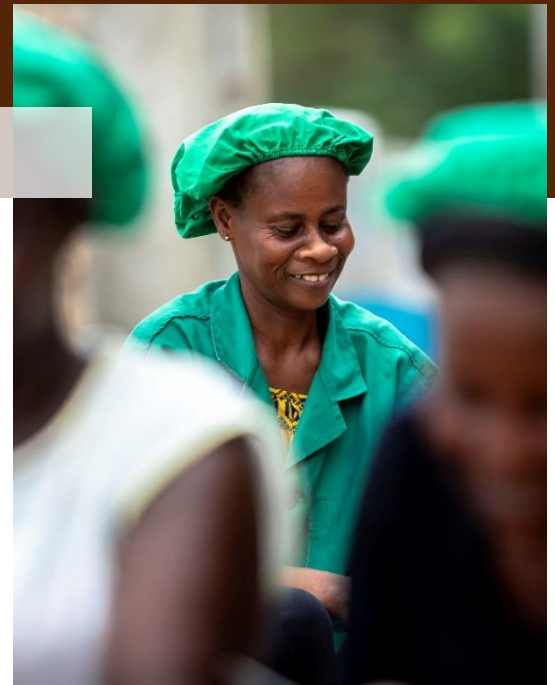
Jean-Michel SEVERINO
Chair of the supervisory board



Sébastien BOYÉ
Co-CEO



Jérémy Hajdenberg
Co-CEO



This impact report is being issued while the **world is still confronted with the Covid-19 crisis**. This crisis has taken a heavy toll in Sub-Saharan Africa because of its health consequences, and even more drastically because of its economic consequences. The African continent faced its first recession in 25 years. Unemployment and poverty are soaring in many countries. **The virus has severely affected SMEs and entrepreneurs in Africa in several ways:** liquidity shortages, interruption of supply chains, fundraising, distribution channels, workplace access for staff, etc. Although we are slowly talking of economic recovery, **the most vulnerable have not been able yet to return to their pre-crisis level of activity**. We are also all aware that major uncertainties lie ahead of us, with a very low rate of vaccination in Africa. Major international support does need to be brought to the African countries in this respect.

The Covid-19 crisis is changing the way we live and operate, and there is no going back. **It is not simply a matter of returning to a pre-crisis situation but of guiding these companies towards greater resilience and sustainability of their activities**. Business models will need to adjust. Internal organization is reinvented everywhere, with more room for distance working when possible. Digitalization has definitely become a must for many aspects of a business. The health impacts and environmental footprint of businesses will undoubtedly be taken more fully into account by customers and staff. Locally sourced products will be preferred and will help to structure more local and responsible value chains.

The Covid crisis has confirmed the rightness of our choices and the support I&P provides is only becoming more relevant. I&P's mission is to achieve major development outcomes in Africa by supporting the emergence of a new generation of responsible entrepreneurs. This mission percolates in the creation and development of formal African businesses, which become more professional, more socially responsible, more efficient and more inclusive, particularly in terms of gender. I&P has supported more than 170 entrepreneurs so far, based in some fifteen Sub-Saharan African countries. We believe that formal SMEs have a key role to play in improving working conditions and health of their employees, as well as in reducing their company's environmental footprint, and even in improving the environment. All these issues have become even more essential in times of crisis. It confirms the need to go even further in this direction to enable companies to develop sustainably and be able to cope with shocks.

Entrepreneurs will need long-term financial and strategic support to overcome these new challenges and generate more impact. But entrepreneurs face powerful obstacles to growth, being deprived of access to skills and financing, particularly to the capital it needs to survive and thrive. That's where the "traditional" financial market reaches its limits and where I&P's role has been built through the different modes of intervention we've developed. It has been hugely comforting and impressive to us to observe how courageous, talented and resilient have been the African entrepreneurs we work with. They offer a picture of Africa that is far removed the all too common "clichés": the picture of a dynamic continent, that is not waiting to address its own challenges, and that is eager to build a prosperous and sustainable future. At I&P, we owe our entrepreneurs daily lessons of life and courage, which make us grateful to them.

As a team, in 2021, even through the crisis, we have continued to grow stronger, as many new African talents joined us, and are now bringing additional energy to our mission. Our team now includes more than 110 dedicated professionals, 80% of whom are based in I&P's 8 African offices. **New projects are being developed, and are further deepening our impact on the field**, to the benefit of African entrepreneurs, but also to the planet as a whole. From acceleration programs to private equity funding, I&P provides different financial instruments to answer the needs of African SMEs, depending on their size and maturity. In addition to this financing continuum, we have kept improving our ESG practices, pushing them new steps ahead, but also deepened our thinking around impact design and measurement. From now on, these impact achievements are systematically part of the team's incentives and financial relations with investors.

We do wish this report provides our partners a global vision of what we want to achieve and what we concretely achieved so far, through our partnership with the African entrepreneurs. We hope this will convince entrepreneurs, policy makers, donors, and investors, that creating and developing businesses is a major contribution to sustainable development and as such, deserves initiatives and support.

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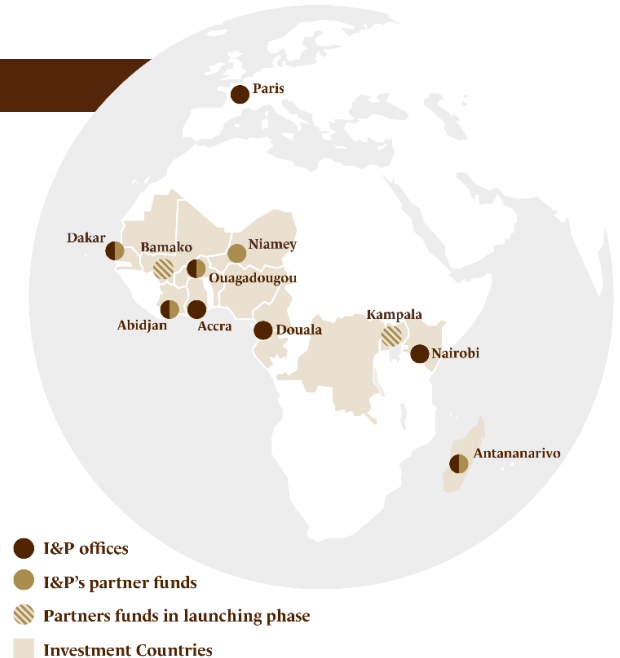
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I&P: AN OVERVIEW

Investisseurs & Partenaires 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 that provide a high level of local added value. I&P has developed different approaches, combining financing, and support to serve this mission and meet the needs of African SMEs, according to their maturity, size and financing requirements.

KEY FIGURES

- Launched in **2002**
- Since inception, the group has partnered with **more than 170** investee companies (vs 120 in 2019) operating in some fifteen Sub-Saharan African countries in a wide range of sectors including agribusiness, ICT, microfinance, health, and B2B products and services.
- I&P team of **more than 110** people is based in 8 African hubs (Burkina Faso, Cameroon, Côte d'Ivoire, Ghana, Kenya, Madagascar, Niger and Senegal), as well as in Paris and Washington D.C.
- **€200 million** has been raised from African and international investors and donors.



OUR MISSION

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

I&P's activities are **focused exclusively on Sub-Saharan Africa**. Beyond its investments, I&P is committed to support the impact finance sector, by training a young generation of professionals committed to development, but also by supporting the ecosystem through technical assistance services, largely provided by African consultants.

75%

of employees are based in one of I&P's 8 offices (and 83% of recruitments made since last year are based in Africa)

90%

of financing raised in our local funds (IPDEV2) are from Africa. I&P consider it is essential to include African actors committed to the development of the continent.



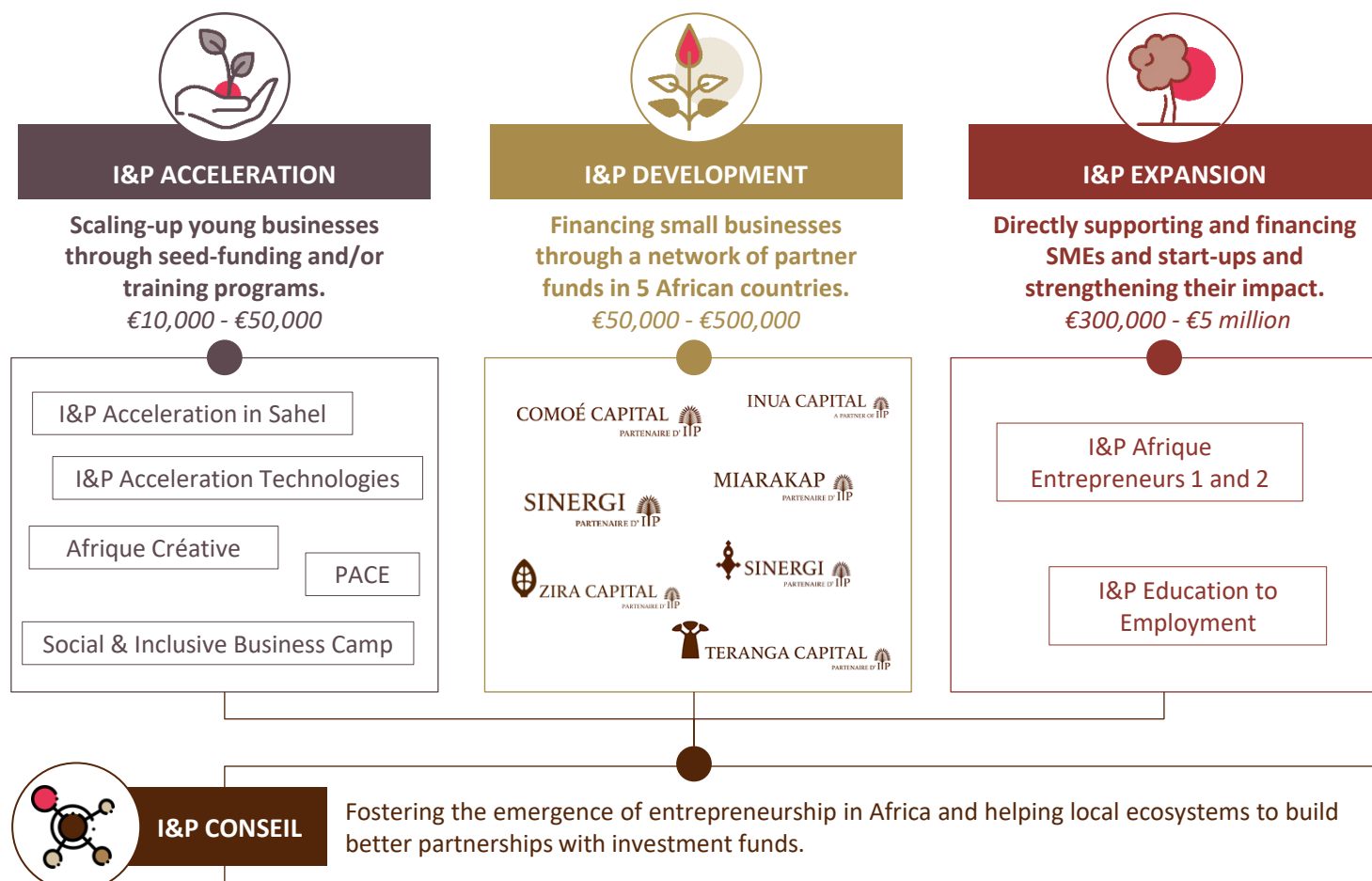
I&P'S PARTNER COMPANIES:

- ➔ Are small to medium-sized companies
- ➔ Have financing needs inferior to €300,000 (IPDEV) or between €300,000 and €5 million (IPAE)
- ➔ Operate in **Sub-Saharan Africa** (we focus primarily on West Africa, the Indian Ocean, and Central Africa)
- ➔ Are managed by **local teams and entrepreneurs**
- ➔ Operate within the **formal economy**
- ➔ Operate in **varying business sectors** (health, agriculture, agribusiness, construction, services, microfinance, etc.)
- ➔ Demonstrate clear potential in **terms of value creation and local impact**

OUR APPROACH

I&P's model is based on three complementary activities that address the challenges of lack of access to finance and managerial skills faced by small and medium-sized African companies. I&P employs a variety of financial instruments (minority equity, quasi-equity investments, seed financing, loans) according to the investee company's size and maturity.

I&P becomes an active partner of its investee companies and brings its strategic expertise and network to best support their development, helping them gain value in order to maximize financial performance, alongside a commitment to high, environmental, social and governance (ESG) returns.



OUR CERTIFICATIONS AND NETWORKS

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**. In 2017 I&P joined the community of **certified B Corp™** companies, an independent label designated to mission-driven businesses globally. In 2019, I&P was one of the founding signatories of the **Operating Principles for Impact Management**, a market standard for the impact investing sector as defined by the International Finance Corporation.



OUR IMPACT AT A GLANCE



PROMOTING AFRICAN ENTREPRENEURS

► SEE PAGES 7-8

78
SME in current
portfolio, out of
which **20** new
ones

87%
of SME located
in LDCs (1)

89%
of African
entrepreneurs

33%
of women-led
SMES

IMPACTING LOCAL STAKEHOLDERS

► SEE PAGES 9-13

463,000+
stakeholders
impacted of
which...

28%
of job growth

7,134
permanents jobs,
including **2,307**
jobs created

43,791
total family
members supported
by employees

390,000+
Clients, including
students

16,766
small producers
involved in
business
activities

2,201
suppliers
supported, of
which 68%
are local



STRENGTHENING THE ECOSYSTEM

► SEE P. 14-15



230
entrepreneurs
trained through
our acceleration
programs

10
incubators &
accelerators
trained on
financial skills

+400
direct beneficiaries
of our trainings on
Investment Readiness
and Impact
measurement

(1) Least Developed Countries

(2) IPDEV 2 is launching two new funds in Mali and Uganda

All the data indicated are since inception

DEVELOPING AFRICAN ENTREPRENEURSHIP

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

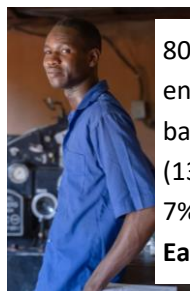
89% of companies are led by African entrepreneurs

87% of companies are in located Least Developed Countries or fragile countries

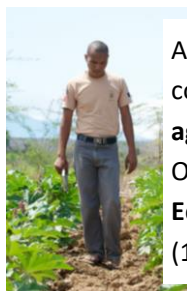


WHO ARE THE ENTREPRENEURS FINANCED BY I&P?

Over the years I&P has financed more than 170 entrepreneurs, based in some fifteen African countries. We are convinced that these entrepreneurs are **driving actors of change** on the African continent. **Backed with appropriate funding and technical assistance resources**, they have the capacity to build sustainable businesses that address local needs, create decent jobs and ensure good working conditions, and to think of innovative solutions to solve social and environmental issues.



80% of the entrepreneurs are based in **West Africa** (13% in **Madagascar**, 7% in **Central and East Africa**)



About 30% of portfolio companies operate in the **agribusiness/nutrition sector**. Other key sectors include **Education** (15%), **Industry** (11%), **ITC** (9%) or **Health** (7%).



33% of the SMEs are managed by women. 44 years-old is the average age of entrepreneurs in portfolio.

HIGH ADDITIONALITY AND CATALYTIC EFFECT OF I&P'S FINANCING

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

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

Our financings have a strong leverage effect

The leverage effect is quite stable compared to 2019:



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

Focus: Sustainable Development Goals



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



Reduce inequality within and among countries. Encourage financial flows to States where the need is greatest, in particular least developed countries and African countries [10.8].



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

COMPANY FOCUS



I&P ACCELERATION

LE LIONCEAU • Siny Samba • Senegal • I&P Acceleration in Sahel



Le Lionceau is a young company **specialized in food and infant nutrition**, launched in 2020 by a Senegalese-French team of agri-food engineers, Siny Samba and Rémi Filastò. It produces baby purées of high nutritional quality, made entirely from local ingredients and inspired by Senegalese recipes. It is one of the first companies to benefit from I&P Acceleration in Sahel.

The entrepreneur

An agro-food engineer trained in France, a Senegalese national and passionate about early childhood, Siny Samba has experience in R&D with the French leader in infant nutrition.

“Our mission is to support parents in the food diversification of their young children by taking advantage of the treasures of local agriculture”

 [Read more \(video interview\)](#)



I&P DEVELOPMENT

HaiRun Technology • Ranto Andriambololona • Madagascar • Miarakap



Created in 2017, HaiRun Technology, is a Digital Services Company based in Madagascar, specialized in the conception and development of customized software for start-ups and companies. The company employs more than 120 people to date, and will be recruiting significantly in the coming years, as the number of projects under management increases.

The entrepreneur

A native of Antananarivo and a graduate of the Institut Supérieur Polytechnique de Madagascar, Ranto worked for 15 years in France before returning to Madagascar in 2018 with two entrepreneurial projects in the tech sector: HaiRun Technology and Smart Predict (supported by I&P Acceleration Technologies).

“Developing a business in Madagascar, or elsewhere in Africa, means overcoming many obstacles. There is little support for the private sector, and entrepreneurs are rarely backed by the banking system.”

 [Read more \(video interview\)](#)



I&P EXPANSION

NEW CRYSTAL HEALTH SERVICES • Dr. Wisdom Amegbletor • Ghana •
I&P Afrique Entrepreneurs 2 (IPAE 2)



New Crystal Health Services is Ghana's **leading private health care group dedicated to the urban poor**. New Crystal serves an average of 300,000 customers per year through a chain of six networked clinics, a diagnostic services company and a pharmaceutical wholesale and retail company.

The entrepreneur

Dr. Wisdom Amegbletor is a medical doctor and an entrepreneur. After completing University of Ghana Medical School in 1999, he completed his mandatory housemanship and then decided to work at Greenshield Clinic in Sefwi-Wiaso, a rural town in the Western region of Ghana.

“Since our modest beginnings in a four-bedroom facility in 2003, New Crystal has grown up significantly. We go a long way in providing high quality, safe, and effective care to our communities.”

 [Read more \(video interview\)](#)

CREATING DECENT JOBS

Each year, only 3 million formal jobs are created in Africa despite the arrival of 10 to 12 million young people on the job market. A large majority (almost 90%) of employment in Africa is provided by an informal sector that is low in productivity and insufficiently structured to absorb new entrants on the labor market. **I&P supports SMEs that have a strong job creation potential, while simultaneously helping to improve the quality of these jobs.**

7,134

Permanent jobs maintained or created through investment in portfolio companies (3,6% decrease from 2019)

2,307

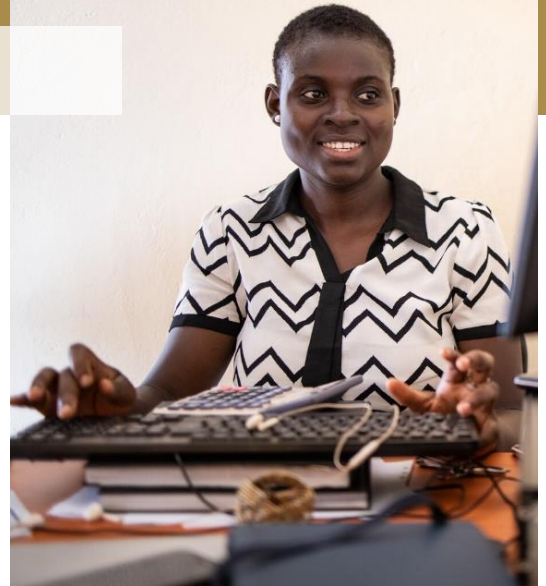
Permanent jobs created



More than **43,700+*** total family members were supported by employees in 2020.

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

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



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



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



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

JOB QUALITY

Formal jobs maintained through productivity investments or formal jobs created result in **higher-paying and more secure jobs**, providing access to training, social security, social protections and a « regular salary ». **The average minimum wage paid by I&P's partner companies is 75% higher** than the average minimum legal wage in their respective countries (vs 53% in 2019) . This increase is driven by several factors : some investees have increased their minimum wage, some investees have registered departures of low-skilled employees earning lower pay levels and some new investments in the service sector pay a high wage. The total wages paid in 2020 amount to **USD 71M**.

96%

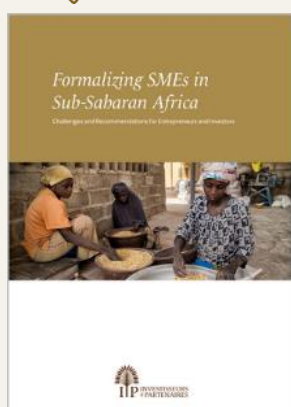
of employees (representing 7,000 workers) covered by a **public social protection system**.

46%

of companies offer **private health insurance coverage**



GOING DEEPER: A REPORT ON THE CHALLENGES AND IMPACTS OF FORMALIZATION IN SUB-SAHARAN AFRICA



In 2019, I&P published a report on the challenges and impacts of SME formalization in Africa. This report is based on two field studies in which several employees of our partner companies in Madagascar and Senegal were interviewed. The report highlights the **benefits of formal jobs** on employees as well as the **main challenges encountered**. In addition to having twice more access to bank loans, the study revealed the **“Top 3” benefits**, namely, protection against dismissal, access to health insurance and a guaranteed salary at the end of each month. Find out more [here](#).

Progress toward formalization

Formalization is at the core of I&P's mission and is a particular focus for **I&P Development** and **I&P Acceleration**, which support very small and medium-sized enterprises that have the highest rate of informal jobs. SMEs within the IPDEV 2 fund have one year after investment to fully comply with the law. However, formalization can be a long and complex path for these SMEs.

PROVIDING SDG-ALIGNED GOODS AND SERVICES

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

73%

of portfolio companies provide a product or service that directly contributes to the Sustainable Development Goals



21 partner companies contribute to SDG 2 (vs. 5 in 2019), "End hunger, achieve food security and promote sustainable agriculture."

Example: Agroserv Industrie (Sinergi Burkina) is a maize processing company that produces grits and flour. The company bought **2,300** tons of maize from small producers in 2020.



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

Procréa (IPAE 2) offers quality healthcare for women and children. The company held **6,086** gynecological consultations in 2020.



14 partner companies contribute to SDG 4 (vs. 11 in 2019), "Ensure inclusive and equitable quality education and promote lifelong learning opportunities."

27,157 students were enrolled in schools or training programs in 2020 thanks to 11 investees.



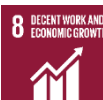
3 partner companies contribute to SDG 6 (vs. 2 in 2019), "Ensure access to water and sanitation for all."

Delta Irrigation (IPAE 1) saves water thanks to efficient irrigation systems. **1,000 hectares** of land have been irrigated thanks to Delta's solutions.



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

PEG Africa (IPAE 1) supplies off-grid solar panels in West African rural and semi-urban areas. PEG installed **21,268** new solar kits for rural households in 2020.



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

Financial institutions granted a total amount of **\$143M+** to **84,000+** borrowers in 2020 through 3 investees.



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

ENVAL (IPAE 1) is a laboratory for physio-chemical and microbiological analysis. ENVAL conducted **42,920** analyses in 2020.



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

SETTIC (I&P Acceleration in Sahel) collected 46 tons of household waste and installed 138 box in 2020.

PROMOTING WOMEN'S EMPOWERMENT

I&P's overall objective is to promote gender equality within formal SMEs in Sub-Saharan Africa. We seek to proactively develop a pipeline of SMEs that address the specific needs of women, focus on women's inclusion, empower women in decision-making processes, and provide them access to decent jobs and training opportunities.

76%

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

33%

of women-owned or led companies (vs 31% 2019)

43%

of women employees among I&P's partner companies (vs 47% 2019), and 31% of women among senior executives for IPAE's partner companies



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

I&P'S GENDER STRATEGY

I&P formally announced its gender strategy in the document "[Opportunities to bridge the gender gap in African SMEs](#)", published in 2018. Anchored in I&P's mission, the gender strategy seeks to promote gender equality among its portfolio companies in Africa, as well as to lead by example, demonstrating gender-diverse governance and promoting mixed teams and women's equal access to senior leadership and investment positions.

I&P regularly reviews its performance in terms of gender equality. As of today women represent:

43% of I&P's executive committee

52% of I&P's employees

33% of I&P's investment team

2X CHALLENGE FINANCING FOR WOMEN

In June 2018, the G7 development finance institutions committed to mobilizing \$3 billion for women's economic empowerment. They defined what can be considered a gender lens investment.

76% of I&P portfolio (vs 69% in 2019) companies satisfy at least one of the [2X Challenge criteria](#)

53% of those companies satisfy at least two criteria

READING MATERIAL

I&P's gender policy "[Opportunities to bridge the gender gap](#)".

I&P published in 2021 a summary of key reports (from OXFAM and UN Women) on this issue in the document "[COVID-19 crisis: what impacts on gender inequalities?](#)".



COMPANY FOCUS: EDEN TREE LIMITED

Ghana • Agribusiness • EUR 1,1mio invested by IPAE 1 • 58 employees in 2020

Founded in 1997 by **Catherine Krobo-Edusei**, Eden Tree has emerged as the leading independent provider of fresh fruits, vegetables and herbs in Ghana.

Eden Tree's management and workforce respect gender parity: the staff include 55% of women, and the Direction Committee 50%. Eden Tree compensates for maternity leaves and has also opened a creche within its premises.

I like to encourage women to be entrepreneurs. I sometimes get invited to universities : I tell the students not to look at this as a male-dominated area and I really encourage them to launch their entrepreneurial projects!"

Catherine Krobo-Edusei, Founder



STRENGTHENING THE LOCAL ECONOMIC FABRIC

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

2,201

suppliers are working with our portfolio companies (2,327 in 2019)

68%

of suppliers to our portfolio companies are local (71% in 2019)



STIMULATING SUSTAINABLE SUPPLY CHAINS

SMEs build local networks of subcontractors. The ripple effects are particularly strong in the agricultural sector, with **16,766** smallholder farmers, the double compare to 2019. This is mainly due to Agroserv and Siatol (IPDEV 2) which considerably increased their farmers network with support bring in terms of technical assistance and intrants



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



FOCUS ON A SUPPLIER: AGROSERV

Burkina Faso • Agriculture • EUR 259k invested by IPDEV 2 • 86 full-time employees in 2020

AGROSERV INDUSTRIE is an **industrial unit processing maize into gritz and flour**. Based in Ouagadougou, the unit is equipped with two automatic production lines with a production capacity of 50 tons per day each.

AGROSERV is supplied locally by a **network of nearly 6,000 small producers** and helps support the country's agricultural sector. More than €400,000 in income was distributed to these producers in 2020, providing essential income for many households. Small producers in maize farming benefited from trainings on sustainable agriculture practices, cultural roots and financial education. Almost 2,400T of maize were bought from small producers.



FOCUS ON A DISTRIBUTOR: PERSISTENT ENERGY GHANA (PEG)

Pan-African • Renewable energy • EUR 2mio invested by IPAE 1 • 475 full-time employees in 2020

PEG aims to **bring off-grid solar energy access** to rural and peri-urban communities in West Africa by providing pay-as-you-go solar home systems to rural and remote customers.

More than 100,000 households have been connected and served with energy. To reach these people, they have used an important **network of 600 commission based agents** who have benefited from an income and have had **strong economic and social impacts in the villages of intervention**

CONTRIBUTING TO DOMESTIC RESOURCE MOBILIZATION

In I&P's countries of intervention, the low level of **mobilization of fiscal resources** is a key barrier to developing the most needed public services (infrastructure, water, education). Tax revenues represent less than 20% of GDP in Africa (OCDE, 2015). Most companies remain informal to avoid paying taxes and salary charges.



€12,700,000+ in taxes paid by I&P's partner companies to local authorities in 2020

FOSTERING ENVIRONMENTALLY-FRIENDLY DEVELOPMENT

I&P is promoting sustainable growth through investment in resource-efficient companies with limited carbon footprints. We believe that our partner companies can play an active role in experiencing and sharing replicable, efficient and renewable energy solutions.

40%

of IPAE companies have implemented green projects

23%

of IPAE partner companies are using renewable energy in their mix



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

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

I&P calculates the carbon footprint of IPAE's portfolio annually to identify the main sources of emissions. In 2020, its footprint amounted to **19,623 tCO₂eq.**



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



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

AT I&P'S LEVEL: CARBON OFFSET

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

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

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



COMPANY FOCUS: INDIAN OCEAN TREPANG

Madagascar • Aquaculture • EUR 475k invested by IPAE 1 • 148 full-time employees in 2019

Indian Ocean Trepang (IOT) specializes in industrial sea cucumber aquaculture. IOT contributes to biodiversity in Madagascar by implementing an innovative sea cucumber breeding project that reintroduces natural stocks of sea cucumbers, which are overexploited and critical to local eco-systems. IOT partners with isolated fishing villages, allowing low-income fishermen to generate additional income while combating overfishing and the extinction of marine species.



ENHANCING IMPACT THROUGH ECOSYSTEM BUILDING

THE CONTEXT

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

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

WHAT WE DO

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

Supporting entrepreneurs from the very first steps of their entrepreneurial adventure

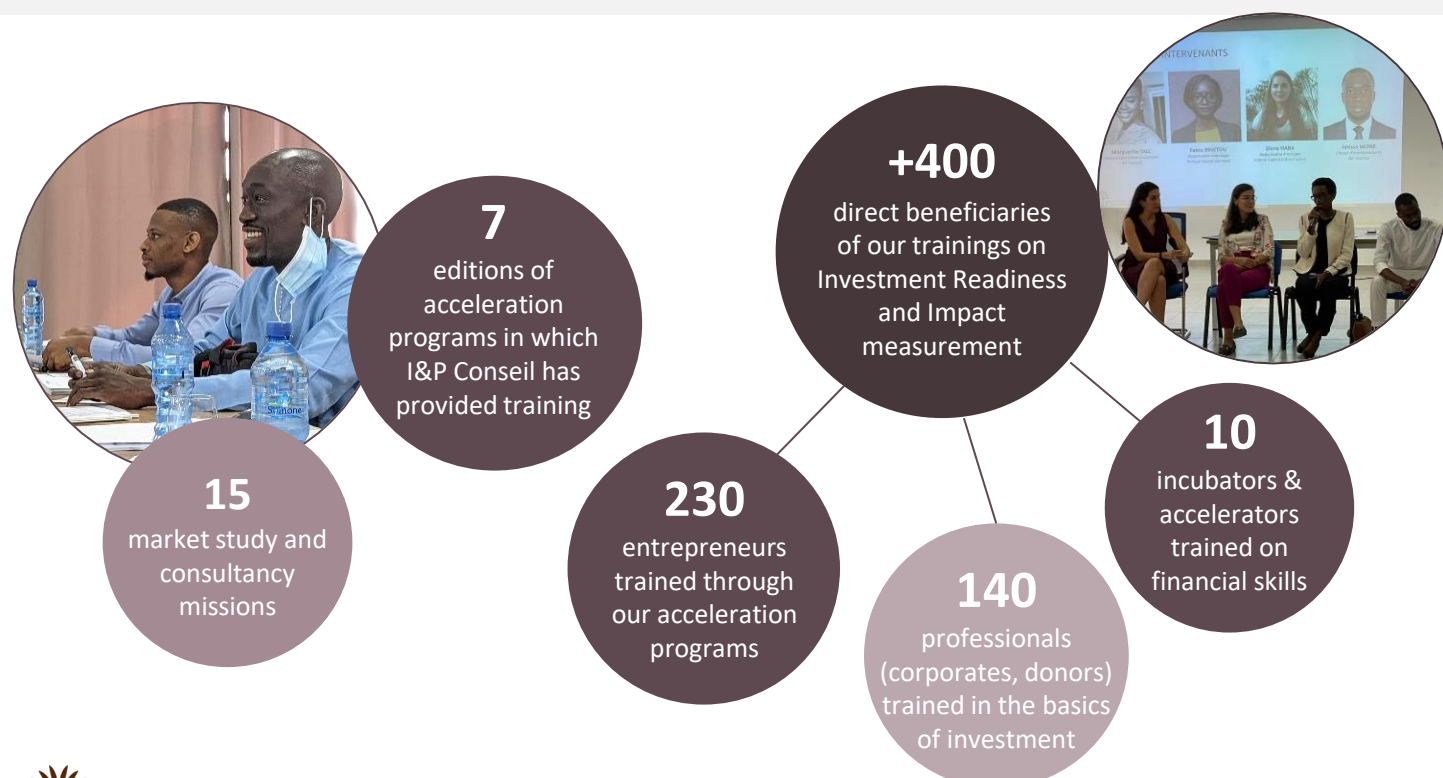
We design and implement acceleration programs, providing blended learning, coaching and mentoring sessions, as well as seed-financing and grant-funding to young SMEs.

Consolidating the intermediate structures essential to SMEs development

We work closely with African-based intermediaries dedicated to entrepreneurs (financing actors, support structures), to strengthen their skills on topics such as investment readiness and impact measurement.

Advising donors and international organizations to build impactful strategies to support SMEs and the private sector

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



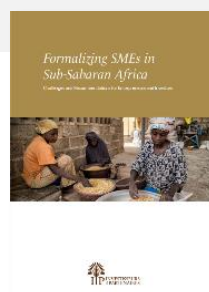
ENHANCING IMPACT THROUGH ADVOCACY

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

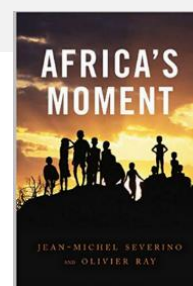
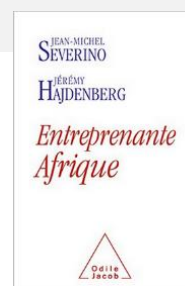
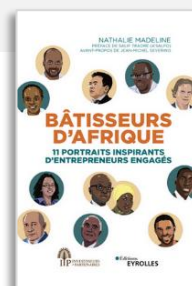
[Discover our reports here](#)



BOOKS

The team also contributes to pleading the African cause through books and publications. In 2020, I&P published *Bâtisseurs d'Afrique*. The author, Nathalie Madeline, spotlights 11 entrepreneurs who have been supported by I&P and traces their different journeys.

[Click here to read more](#)



VIDEOS

I&P showcases partner companies and team members through short videos and interviews, available on our YouTube channel. In the past few months, we notably published a series of interviews conducted in Burkina Faso and in Niger.

[Discover our videos](#)



FOCUS: THE BLOG ENTREPRENANTE AFRIQUE

I&P has co-founded the blog *Entrepreneante Afrique*, along with the Foundation for studies and Research on International Development (FERDI) and the African Club of Entrepreneurs.

The blog pursues two main objectives in mind: to promote entrepreneurial dynamism in sub-Saharan Africa and better understand the context in which African entrepreneurs are working.

A LOOK AT OUR LATEST ARTICLES



IMPACT OF THE COVID-19 CRISIS

Sub-Saharan Africa has been hard hit by the COVID-19 pandemic, with business activity in the region shrinking by an estimated 3.7% in 2020. The economic outlook continues to be heavily impacted. Growth is forecast to resume at a moderate average pace of 3% in 2021-22: 0.4 percentage points weaker than previously projected. There was also a hike 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, which are the main source of external financial contribution in Africa, dropped by about 7% down to 78.3 \$ billion in 2020.



IMPACT ON I&P PORTFOLIO COMPANIES

- **Expansion companies** have suffered with a decline of their turnover by 7% (IPAE 1) and 3 portfolio companies had more than 25% of loss in revenue (IPAE 2). **Development companies** have also suffered from the crisis with 8 portfolio companies still in difficulties. These were the most fragile investees before the pandemic.
- 21 Companies already in the portfolio in 2019 still managed to experience **positive job growth** (25% job increase in average) and 28 had a decrease in job growth (27% job decrease in average).
- 24 companies had a decrease in women workforce: the **proportion of female employees dropped by 16% (3,176 in 2020 vs 2,672 in 2019)** considering only companies in portfolio until 2019). Women have been more severely affected by this crisis.
- Companies encountered a **serious treasury crisis** (20 were able to raised funds out of which 11 from I&P Acceleration in the Sahel region financed by the European Union).

FOCUS ON SECURITY AND POLITICAL CONTEXT

In Africa, many peace processes continued despite the disruptions due to COVID-19. **Nevertheless, the pandemic posed new threats to fragile gains.** This was particularly true when peace or security agreements were being negotiated, or in countries undergoing political transitions.

In 2020, nine countries hold elections for the presidential chair, including Ivory Coast. Uncertainty during the election period contributed to slow economic activity in those countries. Two military putsch in Mali accentuated instability in a country already weakened by a security crisis, and the crisis spread even more in neighboring countries like Burkina Faso. Conflicts between States and armed groups as well as attacks on civilian populations continued to intensify, causing hundreds of thousand of people displaced. The COVID-19 context complicated the fight against violent extremism and increased the need for support to maintain this mobilization while combating the virus.

OUR RESPONSE

In these circumstances, the teams have 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 :** by granting a moratorium on loan repayments, or by adjusting the timeline of follow-up investments in some instances, or even by adjusting the investment cap to allow for the re-use of redemptions received (IPAE 1).
- ➔ **Crisis management and pivoting SMEs:** the teams provided different supports to portfolio SMEs, by for example, helping them explore local funding opportunities, providing alternative support in the form of bridge loans or Covid relief funds, enabling some to increase their sales during the crisis, preserve job and hire new employees.
- ➔ **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, supply of sanitary equipment, reorganization of production and distribution, for example.
- ➔ **Keeping investments going:** although conducting due diligence processes throughout the crisis has proved challenging, this hasn't slowed down new investments (for IPAE) but IPDEV 2's funds team encountered a slow down in their new equity investments. However, they kept funding new SMEs in their markets, especially by making 16 new investments.

PORTFOLIO FOCUS: AMI

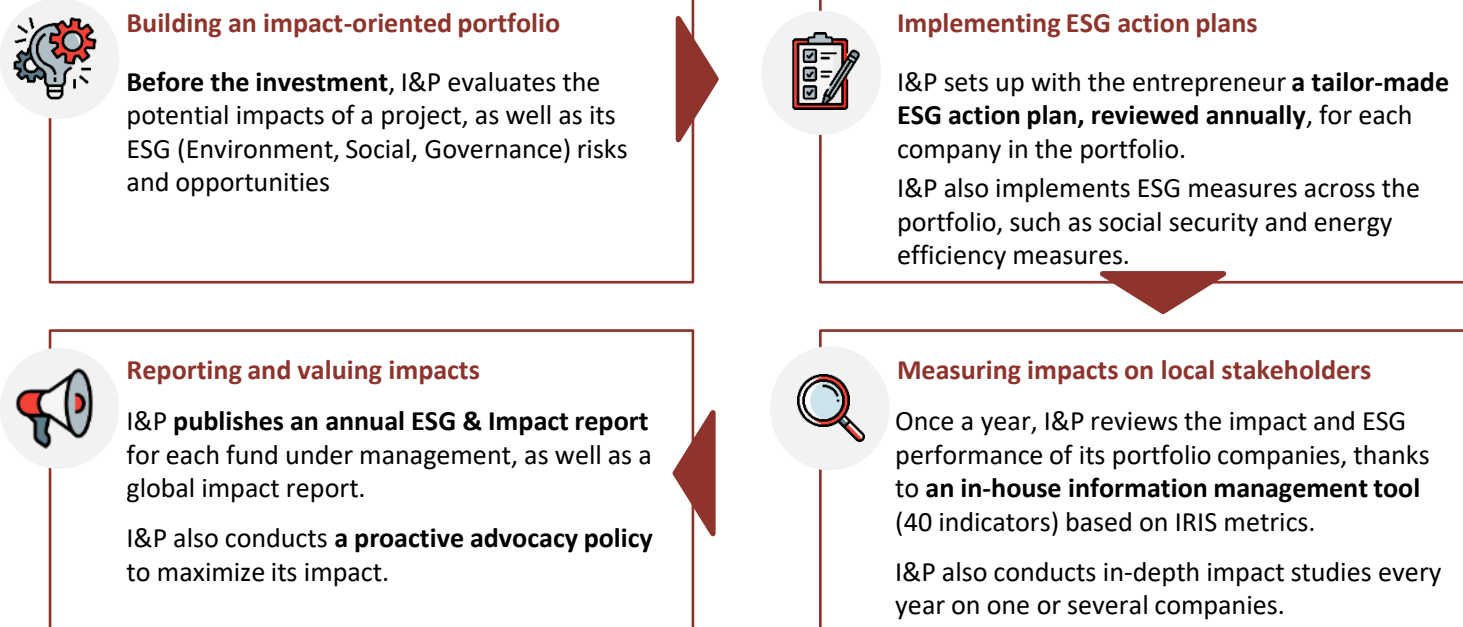
Kenya • Education • EUR 1.4M invested by IPAE 2

- 51 full-time employees in 2020

Although some large existing contracts have been suspended by clients or redesigned, AMI managed to provide a rapid response in terms of protecting staff well-being, shifting programming completely online, and identifying new opportunities. The company has surpassed its profitability targets (44% increase in revenue, EBITDA positive).

OUR IMPACT METHODOLOGY

I&P has developed a strong Impact Management policy for screening and monitoring ESG & impact during investment and until exit. The Impact Management framework is based on international standards and customized to fit the impact thesis and targets of each fund.



INTEGRATING ESG RISK MANAGEMENT AND GOING BEYOND

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

1 Before Investment - Screening

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

- Firstly, each potential investee is analyzed regarding I&P's exclusion list.
- Secondly, to better understand and minimize Environmental, Social and Governance (ESG) risks, an **ESG risk rating based on international standards** (IFC, CDC) is done (ex: child labor, anti-money laundering).
- Finally, measures are set in order to mitigate any identified risks.

Assessing potential impacts ("Do good")

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

2 During Investment - Monitoring

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

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

Measuring results in order to improve ESG/impact management

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

3 After Investment - Exit

Perpetuating the business's sustainability measures after exit.

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

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

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

CONTACT US

Website www.ietp.com

Facebook [@ietp.afrique](https://www.facebook.com/ietp.afrique)

Twitter [@ietp](https://twitter.com/ietp)

LinkedIn [Investisseurs & Partenaires – I&P](https://www.linkedin.com/company/investisseurs-et-partenaires-ietp/)

YOUR CONTACTS:

Samuel MONTEIRO

ESG & Impact Senior Manager

s.monteiro@ietp.com

Clémence BOURRIN

Communication and External Relations Manager

c.bourrin@ietp.com



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