

**Public**

## Environmental and Social Data Sheet

### Overview

Project Name:	Women's Development Business Equity Fund LP
Project Number:	2020-0357
Country:	Sub-Saharan Africa
Description:	The proposed operation consists of an equity participation of up to USD 30m into the Women's Development Business Equity Fund LP (the "Fund", potentially via a feeder for international investors and expected to be USD or EUR denominated). The Fund will focus on investing in women owned or led companies or businesses that contribute to gender equality through their products and services. The Fund has a target size of USD 170m and aims at reaching an initial close in December 2020.

EIA required: May be required for some investment, in line with EIB Environmental and social standards

Project included in Carbon Footprint Exercise<sup>1</sup>: No

### Environmental and Social Assessment

The Fund targets Sub-Saharan Africa with a focus in Sub-Saharan Africa with a focus on Southern Africa (Botswana, Lesotho, Namibia, Eswatini and the Republic of South Africa) and to a lesser extent Ghana and Kenya (as key gateways to West and East Africa). The Fund will focus on providing equity and quasi-equity to support the growth of SMEs and Mid-Caps. The Fund targets investments in Consumer Goods and Services (e.g. fast-moving consumer goods (FMCG), education, healthcare, and communications), business goods and services (e.g. light manufacturing, recycling and sustainable waste management) as well as Financial Services and Fintech.

The primary impact objective of the Fund is to promote gender equity and women's empowerment across the continent critical to Africa's socio-economic development. The Fund is committed to invest at least 50% of the total invested amount, with a view to reach a target of 75%, in companies that are compliant with the 2X Challenge Criteria either at the time of investment or within 36 months following the first investment. The Fund will play a hands-on role in enhancing the gender performance of the investee companies including by requiring

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<sup>1</sup> Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO2e/year absolute (gross) or 20,000 tonnes CO2e/year relative (net) – both increases and savings.

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portfolio companies to agree to specific targets/programmes that promote gender equality prior to investing and by appointing women to its portfolio company Boards after investing.

Moreover, in the interest of improving social equality, the Fund will promote investments in businesses founded, owned or led by indigenous Africans in the target countries. Improving gender equality and enhancing broader social inclusion are essential building blocks of more resilient societies, better able to withhold shocks and to sustain growth.

The Fund will be focusing on supporting the growth plans of small and medium sized companies and accompany them in their expansion plans typically over a five to seven years term. WDB will avoid investing in early-stage and start-up businesses.

WDB has an Environmental, Social and Governance (ESG) policy and accompanying management systems in place. It implements its ESG policy throughout the entire due diligence and monitoring process of its investments until exit.

The Fund is committed to comply with all applicable legislative requirements and the IFC Performance Standards on Environmental and Social Sustainability and definitions for project risk categorisation. The standards cover assessment and Management of Environmental and Social Risks and Impacts; labour and working Conditions; Resource Efficiency and Pollution Prevention; Community Health, Safety and Security; Land Acquisition and Involuntary Resettlement; Biodiversity Conservation and Sustainable Management of Living Natural Resources; Indigenous Peoples; and Cultural Heritage. These are considered to be similar standards as the ones adopted by the EIB, therefore compliance with EIB standards will be ensured.

In addition to screening investments against the EIB exclusion list, these will also be screened against IFC, the Harmonised EDFI Exclusion List as well as the exclusion list of the Fund. Only if the potential investment opportunity does not entail an excluded activity it will be further assessed.

During the Portfolio Management Stage WDB will ensure that ongoing stakeholder engagement is conducted and that a grievance mechanism is implemented for affected communities commensurate to the nature of the activities. The portfolio companies' quarterly and annual ESG reports must moreover include information on community engagement and any grievances expressed by the community as well as information on anti-money laundering and corporate governance.

In order to ensure ESMS implementation WDB has clearly identified the roles and responsibilities within the Fund to ensure this. The CEO and CIO are ultimately responsible for providing oversight on Investments, including ensuring that the ESG Policy and ESMS are implemented by the Investment Managers and the Fund ESG Manager who is responsible for the implementation of ESG policies and procedures at Fund level and has overall responsibility for the implementation of the ESMS. The Fund will require that the portfolio companies has an ESG Representative responsible for ensuring that the portfolio company meets its ESG requirements. In addition, where complex ESG issues exist, external ESG resources (consultants) will be appointed to assist.

The portfolio companies will report on ESG compliance as well as the achievement or progress towards achieving the 2X Criteria on Financing for Gender Equality. These include women's ownership and leadership of portfolio companies, quality employment for women and specific measures in place to advance women in the workforce as well as the provision of services or products that contribute to closing known gender gaps.

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Moreover, indicators around broader social inclusion will be monitored for employment. Employment data will be collected and monitored disaggregated by youth, disability, local population and sex from top management to unskilled workers.

Prior to investment, the Fund will enter into an agreement with the portfolio companies. The standard investment agreement clauses cover reasonable efforts to ensure the ESG performance of the project complies with WDB's ESG Policies, that the portfolio company shall implement the mitigation and management measures specified in the ESAP, alignment with corporate governance policies, regular reporting as well as reporting on a series of listed incidents or accidents within three business days of occurrence. Standard investment agreement clauses should include reference to EIB exclusion list, need for grievance mechanism for portfolio companies and references to ESIA requirements where applicable.

## Conclusions and Recommendations

The validation of the Promoter's Environmental, Social and Governance Policy by the Bank's Environment, Climate and Social Office is a condition for the legal documentation signature. The Fund will ensure that each Investee has put in place a grievance mechanism or equivalent commensurate to the nature of the activities