

Luxembourg, 04/09/2020

Public

Environmental and Social Data Sheet

Overview

Project Name: Alitheia IDF Women Fund for Africa

Project Number: 2018-0684

Country: Sub-Saharan Africa

Description: The proposed operation consists of a participation under the

Impact Financing Envelope (IFE) of up to USD 20m in the Alitheia IDF Fund SA Partnership ("AIF" or the "Fund"), a new private equity fund focusing on SMEs owned or led by women or providing products or services targeting women in Sub Saharan Africa. The Fund targets USD 100m of commitments and already secured USD 52m of commitments from other Development Financial Institutions.

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

Project included in Carbon Footprint Exercise¹: No

Environmental and Social Assessment

The Fund will target countries in Sub-Saharan Africa, with a focus on the following countries: Nigeria, South Africa, Ghana, Lesotho, Zambia and Zimbabwe. The Fund will focus on providing equity and quasi-equity to support the growth of SMEs compliant with the 2X Challenge criteria.

Generalist in terms of sectors, the Fund will have the following indicative breakdown:

- (i) About 40% in large high potential sectors such as agribusiness, consumer goods and services that drive job creation with an emphasis on jobs for women;
- (ii) About 30% in non-traditional sectors where women tend to have an important role in terms of employment, and where there is impact in improved access to basic services for women, girls and youth. These include education, healthcare especially where tech-enabling services provides greater access for women;
- (iii) About 30% in sectors where women face specific inequalities and funding shortages: financial services and fintech.

¹ 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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The proposed operation will be funded under the Investment Facility ("IF") of the Impact Financing Envelope ("IFE") given its expected high impact on women's inclusion in the economy, local entrepreneurship and job creation. The project will promote sustainable private-sector led growth and gender responsive practices among SMEs and Mid-Caps in Sub-Saharan Africa ("SSA"), thereby further developing long-term employment opportunities among underserved and/or vulnerable groups including women. The project will increase access to capital for SMEs and address market gaps.

Furthermore, the project will help develop SMEs ability to offer quality employment opportunities for women as well as serving women better and contribute to closing gender gaps through company products or services.

The Fund will be one of the first women entrepreneur and gender equality focused SME fund to be established in Sub-Saharan Africa. The focus of the project responds well to commitments made in the EIB Group's Gender Equality Strategy to invest in women's economic empowerment and gender equality. Moreover, the Fund is committed to invest a significant portion of the total invested amount in companies that are compliant with the 2X Criteria on Financing for Gender Equality.

This operation would represent one of the first SME private equity funds with a specific focus on women entrepreneurs and gender equality that the Bank would finance in Sub-Saharan Africa. Thus, EIB will contribute to deepening and expanding the reach of available financing to SMEs owned/or led by women or targeting women as customers in SSA which are traditionally an underserved group.

AIF has an Environmental, Social and Governance (ESG) manual, 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, the IFC Performance Standards on Environmental and Social Sustainability and definitions for project risk categorisation, as well as the World Bank Environmental, Health & Safety Standards. 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.

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

During the Portfolio Management Stage AIF 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 any ESG issues occurred during the reporting period.

In order to ensure ESMS implementation, AIF has clearly identified the roles and responsibilities within the Fund to ensure this. The Fund's ESG Manager is ultimately



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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 have an ESG Officer responsible for ensuring that the portfolio company meets its ESG requirements. The Fund will make use of external consultants to ensure that Portfolio Companies comply with the Fund's ESG Policy and Action Plans.

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 trainings dedicated to women.

Moreover, indicators around broader social inclusion will be monitored, including increase in household income, decrease in domestic violence, and creation of sustainable and quality jobs.

Prior to investment, the Fund will enter into an agreement with the portfolio companies. Post-investment conditions include actions that need to be completed in agreed timeframes post acquisition. These would typically include any mitigation actions for any ESG risks identified during the ESDD process, but which are not fatal flaws or conditions precedent. The timeframes, budgets, resources and actions required must be agreed to between the partners of the Portfolio Company as part of the Investment Agreement, prior to any investment occurring. 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.

The Portfolio Company ESG Officer will be required to provide reports to the Fund ESG Officer of significant incidents within 24 hours of their occurrence, which have, or could potentially have material impacts on the Portfolio Companies operations, the welfare of employees, contractors or members of the public, or the environment.

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.