

Public

Environmental and Social Data Sheet

Overview

Project Name: Women's World Banking Capital Partners II Fund
Project Number: 2018-557
Country: Global scope with a focus on Sub-Saharan Africa Project
Description: The proposed operation consists of an equity participation of up to USD 11.5m into Class A shares of the Women's World Banking Capital Partners II Fund (the "Fund"), a new private equity fund specializing in women-focused inclusive financial institutions with a global presence and a focus on Sub-Saharan Africa. The Fund has a target size of USD 100m and aims at reaching an initial close in Q2 2019.

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 primarily focus on Financial Service Providers serving women-owned micro-enterprises and small businesses. It will especially seek institutions that offer not only credit, but a diversified product portfolio, including savings and insurance services for low-income clients. A smaller allocation of the Fund's capital will be to newer inclusive finance products, such as specialty finance for low-income housing, agriculture and education, microinsurance and the provision of digital financial services such as mobile payments and remittances. The Fund intends to prioritize investments in institutions that leverage technology to reach women clients.

The Fund's principal means of value creation is the delivery of technical assistance to promote gender diversity and a focus on women consumers. Each portfolio company will receive tailored technical assistance (backed by donor funding and conducted by Women's World Banking), to achieve financial outperformance through the gender lens strategy. There is ample research demonstrating that gender diverse teams add value to organisations by strengthening financial performance along the dimensions of profitability, growth and efficiency. Furthermore, focusing on women as consumers provides major opportunities for economic growth.

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.

Luxembourg, 16/05/2019

The Fund will primarily invest in growth stage FSPs that have multiple years of operating history, have reached profitability and are planning to rapidly grow their customer outreach, especially to the low-income women's market. The Fund may also invest in earlier stage companies that provide innovative services to women.

WWB Asset Management (WAM) has a Social, Governance and Environmental (ESG) policy and accompanying management systems in place. It implements its ESG policy throughout the entire due diligence and monitoring process of its investments. During the due diligence process, the investment team analyses how a company manages its relationships with its customers, employees and suppliers, in order to understand potentially material ESG risks and opportunities. The deal team also conducts on-site due diligence visits to the headquarters and branch offices to better understand the business model and conduct in person interviews with key stakeholders, staff and clients. The risks and opportunities are presented to the Investment Committee.

Through such due diligence, WAM seeks to adhere to the United Nations-supported Principles for Responsible Investment (UNPRI) and uses the exclusion list provided by the European Development Finance Institution's (EDFI) "Principles for Responsible Financing". The list is broadly aligned with the EIB's list of excluded activities. Full alignment will be requested ahead of first disbursement. WAM also excludes Category A projects as specified by the Organization for Economic Co-operation and Development (OECD).

Specifically, WAM's ESG Policy considers the following elements in relation to social aspects (in accordance to UNPRI principles), these include: Human rights, Employee relations, Skilled labour, Health and safety, Diversity, Customer relation, Product responsibility

In relation to Environment, these include: Climate change, Biodiversity, Energy resources and management, Biocapacity and ecosystem quality, Air pollution, Natural resources, Water resources and pollution.

The Chief Investment Officer of WAM has ultimate accountability for implementation of the WAM ESG Policy. Direct responsibility for implementation of the policy will fall to the investment officers responsible for leading the diligence and monitoring of each portfolio company.

Furthermore, to monitor performance against the Fund's intention to support gender equality and the economic empowerment of women, the WAM collects gender disaggregated data annually which aids in monitoring social (e.g. gender) and governance factors. Due diligence and monitoring visits also support the analysis of portfolio companies' ESG adherence. Alignment with EIB's monitoring report for funds will be requested.

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.