



Acting together for greater impact

Proparco's Strategy 2023 - 2027

In just three years, our world has been profoundly impacted by crises of major proportions and by increasing inequality. Fifteen million deaths have been directly or indirectly ascribed to the Covid-19 pandemic, which reversed more than four years of progress in eradicating poverty¹ and economic recovery remains fragile and unevenly spread. Moreover, two billion people live in countries affected by conflict² and the war in Ukraine has sent food and fuel prices soaring and disrupted international supply chains. These crises could become even more acute over the coming years given that current production and consumption patterns are unsustainable for our planet: they are destroying biodiversity and the effects of climate change are already being felt and appear to be accelerating.

In the midst of crisis, uncertainty and climate emergency, Proparco's mission - **building the future by supporting private sector initiatives**

for a more just and sustainable world - is extraordinarily relevant.

For over 45 years, we have been working on the ground alongside the private sector in Africa, Asia, Latin America and the Middle East. We have scaled up our activity in response to the new development agenda and increased the volume of our annual financial commitments by a factor of 2.5 since 2015.

We ramped up to deal with the emergency and have continued to support our clients' efforts to get the economy going again in the wake of the pandemic.

And we will remain committed - alongside our clients and partners - to a more sustainable and resilient economy, to our planet, and to greater equality. This is the essence of our strategic focus for the next five years:

Acting together for greater impact!

3 strategic objectives

To maximise the impact of our investments, we have chosen to focus on three clear strategic objectives and all of the projects we support must meet at least one of these:

ACTING FOR A MORE SUSTAINABLE AND RESILIENT ECONOMY

We will continue to work towards greater access to economic opportunities and more resilient local economic systems through three focuses

Building on our long-standing expertise to support **enterprise and financing of microbusinesses and SMEs**

Strengthening **physical infrastructure and local financial systems**

Developing local **production and processing facilities**

TARGET GEOGRAPHIES
Africa and priority³

This strategic objective focuses on Africa and certain priority countries³. The aim is to provide solutions to the economic and social vulnerability to which fragile and low-income countries are exposed. Here, the priority is to grow the economies to create jobs, boost local production and guarantee access to essential goods and services for all.

Sample projects

SA Taxi, South Africa

SA Taxi is a vertically integrated taxi platform. It leverages specialist expertise, technology and Big Data to provide finance and other services that help businesses in the shared taxi sector to grow.

By supporting **SA Taxi**, we are helping the company to develop and to provide new and safer vehicles to the millions of passengers who use these minibuses in South Africa day in, day out.

Seedco, Zambia and Zimbabwe

Seedco Group is Africa's No. 1 seeds company. It selects, produces and markets hybrid arable seeds, including maize, wheat, soybean, sorghum, groundnut, bean and cowpea. **Seedco** employs nearly 400 full-time people and another 2,600 during the harvest season.

By supporting **Seedco**, whose activities boost food security in the region, **Proparco** is helping to consolidate the regional economic fabric and job creation, develop a top-quality industrial facility with high environmental and social standards, and adapt sub-Saharan agriculture to climate change.

ACTING FOR OUR PLANET

We will invest more extensively in the climate and in biodiversity

Stepping up our action in favour **climate change** mitigation or adaptation

Helping our clients with their **climate transition**

Promoting innovative solutions to **protect our planet**

IN ALL OUR GEOGRAPHIES

¹ United Nations, The Sustainable Development Goals Report 2022

² United Nations Economic and Social Council, (2022), High Level Political Forum on Sustainable Development

³ Priority countries: least developed countries (OECD) and fragile and conflict-affected countries (World Bank)

Sample projects

EVN Finance, Vietnam

EVN Finance is a non-banking financial institution specialised in the Vietnamese energy sector, with a specific focus on renewable energy. Our investment in **EVN Finance** aims to support projects with climate co-benefits, such as renewable energy projects with solar roofs and photovoltaic farms. This operation is expected to avoid 181,000 tCO₂e in emissions.

Daystar, Nigeria

Daystar Power is a leading provider of hybrid solar power solutions to businesses in West Africa. Energy solutions installed by **Daystar** are expected to provide nearly 153 GWh of clean, reliable electricity a year to businesses by 2025. The project is also expected to avoid 127,000 tCO₂e each year. To help boost its regional expansion program, **Daystar** received an equity injection and technical support from **Proparco** as part of the EU-backed African Renewable Energy Scale-Up facility.

ACTING FOR GREATER EQUALITY

We are helping to reduce inequalities

Reducing **gender** inequalities

More projects aligned with **2X Challenge criteria**⁴

Reducing **socio-economic inequalities**

Financial inclusion, off-grid power networks, projects benefiting the poorest 40%, **access to essential goods and services**, virtuous agri-food value chains

Reducing

territorial inequalities

Access to affordable quality services in areas with insufficient coverage

IN ALL OUR GEOGRAPHIES

Sample projects

Capital Bank, Panama

Capital Bank has developed real expertise in financing and supporting Panamanian small businesses and is committed to the inclusion of female entrepreneurs.

The bank has received a \$20 million loan from **Proparco**, of which 30% is earmarked for SMEs managed or owned by women in accordance with **2X Challenge criteria**. **Proparco** has also helped the bank to deploy a range of financial and non-financial products adapted to the needs of female entrepreneurs.

AB Bank, Zambia

AB Bank Zambia (ABZ), was set up in 2011 and is a subsidiary of Germany-based Access Microfinance Holding, the only Zambian bank specialised in micro-finance, offering a wide range of financial solutions to micro businesses.

Proparco has a stake in **ABZ** through FISEA and also provided technical assistance in 2020 to help deploy a digital loan and savings service for rural dwellers on **ABZ's** eTumba mobile digital platform.

Differentiated approaches

Working out in the field, we are fully aware of the complexity and realities on the ground. To achieve these objectives, we have chosen to adopt differentiated approaches in order to adapt our solutions to client needs.

Enabling

We wish to use this approach to step up our pioneering work to support the emergence of new markets and new players.

We continue to promote innovation, in particular by deploying our investment continuum for start-ups, in conjunction with our **Digital Africa** subsidiary and our partner funds.

We will help develop and spread new technologies or new business models (by supporting the circular economy).

We will promote new markets by getting involved earlier in the project process, notably by liaising with different **AFD Group** entities and our fellow development institutions.

Lastly, we will continue our work to provide

financing and partnership solutions in fragile and conflict-affected countries.

Strengthening

We are stepping up our efforts to help our clients have a greater impact, beginning in the project selection phase with our sustainability rating tool. Projects that comply with our strategic objectives will be given priority.

We will be providing more clients with customised technical assistance to help them tackle their climate transition and inequality reduction challenges as well as environmental, social and governance (ESG) issues. We will continue to deploy our **Propulse** technical assistance solution, for which volumes have increased tenfold in five years.

Amplifying

We will go further with our clients over the long term by working with them to achieve sustainable and inclusive growth. This commitment will take the form of multi-annual

partnership roadmaps that we will prepare with them.

This will help us to provide clients with expertise, networks, human resources and funding to maximise their impact.

Mobilising

We are well aware that, extensive as they are, our own resources are still not sufficient for achieving the sustainable development goals. We will therefore continue to mobilise more private investors so that we can all explore, strengthen and amplify projects with positive impacts.

More specifically, we will share in the risk of private investors by taking on the role of lead investor on first-loss junior tranches. We will participate more actively in risk transfer markets in order to ramp up our action capacity. We will also leverage the financial expertise of our teams to structure and provide attractive long-term products to private investors over the long term.

Our strategy is based around a vision of a world in common and three strategic objectives that reflect our mission.

To succeed, effective execution is essential, and this is where our differentiated approaches come in.

We will measure the extent to which these goals are achieved by strengthening our portfolio analysis and impact monitoring. We will communicate our progress in our annual impact report.

This is how we wish to co-construct the future - our future.



For a world in common. A more just and sustainable world.



⁴ www.2xchallenge.org