



RÉPUBLIQUE
FRANÇAISE

*Liberté
Égalité
Fraternité*



PROPARCO IMPACT REPORT

2023



08 – Estimating



14 – Measuring



18 – Amplifying



22 – Acting

Our *raison d'être*

Proparco is building the future by supporting private sector initiatives for a more just and sustainable world

Proparco is a subsidiary of Agence Française de Développement (AFD) focused on private sector development. It has been promoting sustainable economic, social and environmental development practices for almost 45 years. Proparco provides funding and support to both businesses and financial institutions across Africa, Asia, Latin America and the Middle-East. Our operations aim to strengthen the contribution of private players to the achievement of the Sustainable Development Goals (SDGs) adopted by the international community in 2015. In the midst of crises, uncertainty, climate change and growing inequality, we are more determined than ever to work for a more just and sustainable world.

450
employees

115
countries

€8.2 bn
worth of assets at 31/12/2023

Edito

A message from Françoise Lombard

“A record level of commitments with concrete, measurable impacts”



Françoise Lombard

CEO,
PROPARCO

2 023 marks the first year of deployment of Proparco's new strategy, which is resolutely focused on a systematic quest for impact. Alongside our partners, and thanks to the support of our shareholders and the commitment of our teams, this year we achieved a record level of activity, particularly in favour of the climate, gender equality and Africa. In concrete terms, we committed €2.7 billion to stakeholders and projects with a positive impact in our different geographies.

Putting impact at the heart of our strategy means being able to assess, track and evaluate the projects we invest in. The purpose of this report is to examine our actions in the light of the Sustainable Development Goals, with a view to ensuring accountability and measuring our effectiveness. In addition to analysing impacts in the project vetting phase, a major monitoring exercise was carried out this year on more than 300 projects signed between 2017 and 2021. This exercise enables us to compare ex ante data

estimates with results observed during project financing, to refine our understanding and improve our practices.

Assessing impact also means assessing the action of our customers and partners. By supporting a wide range of private players – start-ups, small and medium-sized enterprises, financial institutions and infrastructure projects – in a wide range of sectors and geographies, Proparco is pursuing its action in favour of resilient economies, protecting the planet and reducing inequalities.

In Senegal, for example, we are committed to climate action and gender equality by financing the new-generation Bus Rapid Transit (BRT) system in Dakar. In Brazil, we are helping to improve the sewerage network in the Sao Paulo region, giving 1.3 million people access to this essential service. In Iraq and Ukraine, Proparco has invested in food security and the digital economy, respectively. As always, working alongside our clients and partners.

2023-2027

Three strategic objectives serving the SDGs

Proparco has launched a new strategy – “Acting together for greater impact” – covering the period 2023-2027. It is underpinned by three strategic objectives.

1

Investing in a sustainable and resilient economy. This first strategic objective reflects Proparco's historical core business: supporting economic development and enterprise. Its primary aim is to provide solutions to the economic and social vulnerabilities to which countries in Africa – Least Developed Countries (LDCs) and fragile and conflict-affected countries – are particularly exposed.

2

Protecting the planet The private sector has an essential role to play in achieving international climate objectives and, to a certain extent, in preserving biodiversity. In its sixth report, the IPCC emphasises the role of finance – particularly public finance – in guiding and leveraging the private sector in the fight against climate change. This second strategic objective therefore aims to support – through Proparco's action – the emergence of an economy that is compatible with climate and biodiversity challenges.

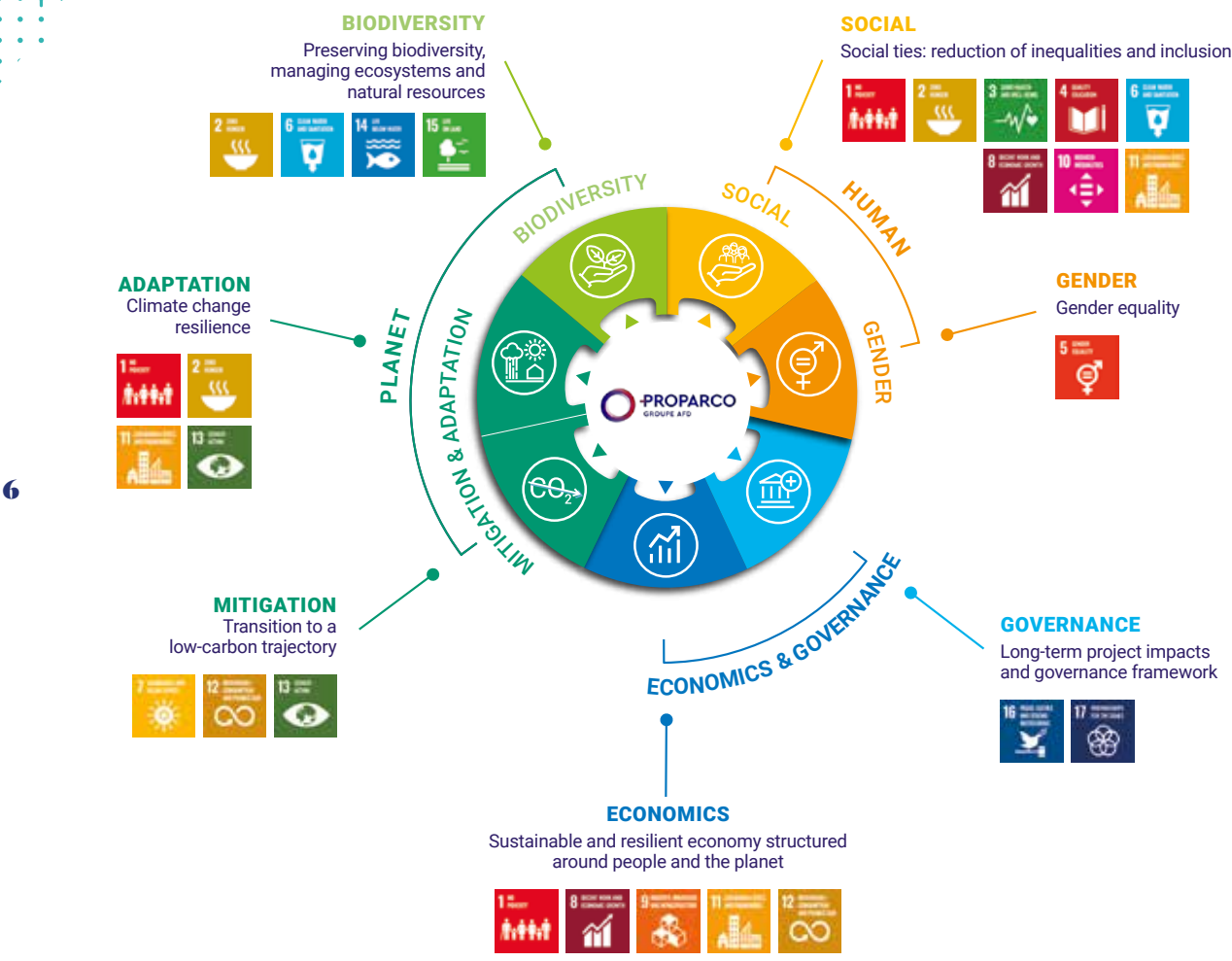
3

Helping to reduce inequalities. At present, the richest 10% of the world's population captures 52% of the world's income¹, while the poorest half receive only 8%. While inequalities between countries have diminished over the last two decades, inequalities within countries themselves have increased significantly. Faced with this situation, the private sector, as employer but primarily as provider of essential goods and services, has an important role to play, alongside the public sector, in reducing inequalities: income inequality, gender inequality, territorial inequality and inequalities in access to essential services.

1. World Inequality Report 2022, World Inequality Lab

Our impact analysis framework

Sustainable development rating



Measuring impacts throughout the life cycle

As a development finance institution, and in the interests of accountability, Proparco assesses and reports on the impacts of its action using an approach that measures the results and impacts of its financing.

Proparco measures the impacts of its projects based on four exercises, at three distinct points in the financing life cycle.

ESTIMATING



MEASURING

EVALUATING

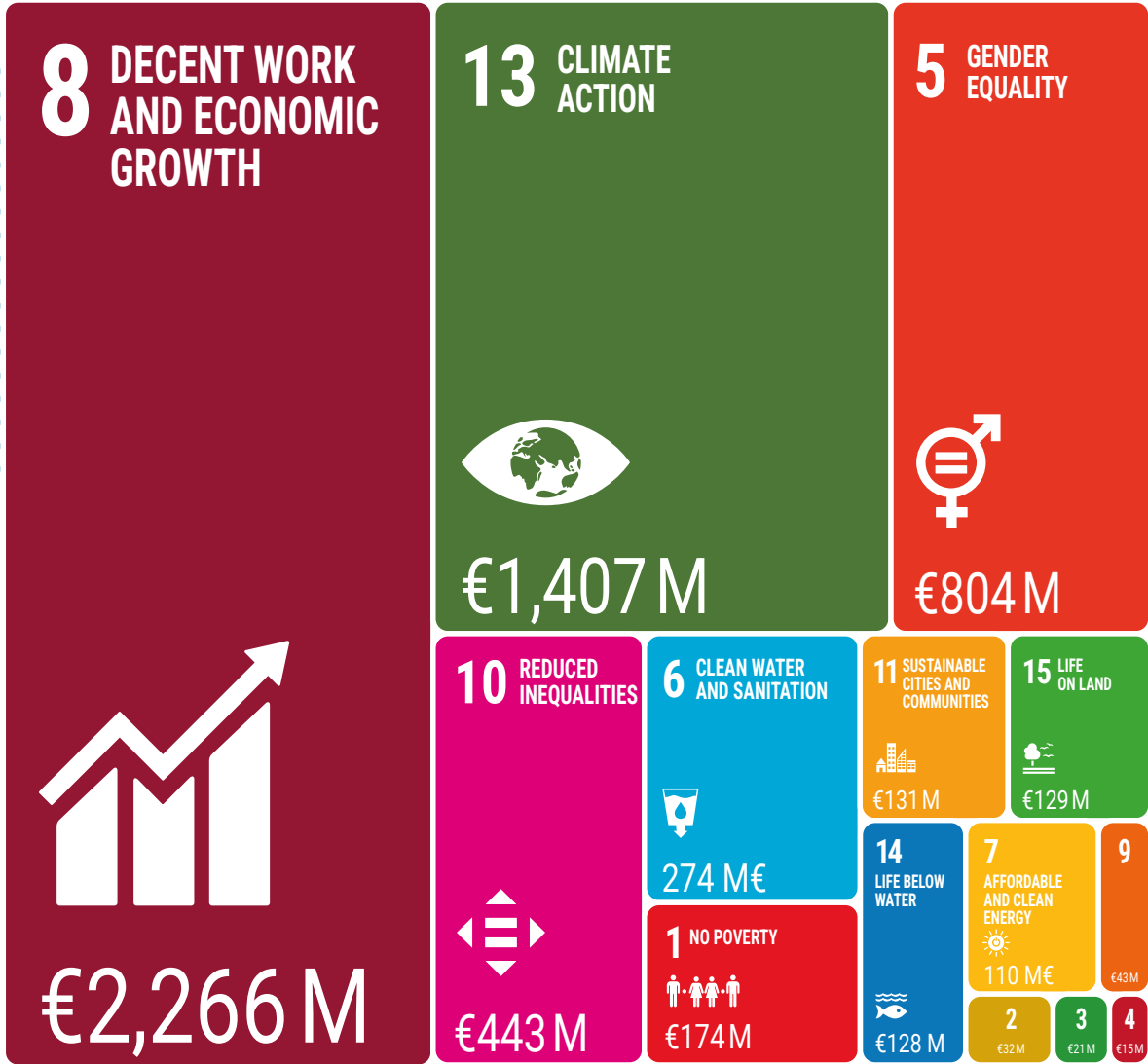


PART 1

Estimating To present the expected impacts

The contribution of our projects to SDGs in 2023

In 2023, 94 new approved projects, for a total amount of €2.3 billion², actively contributed to achieving the Sustainable Development Goals (SDGs).³



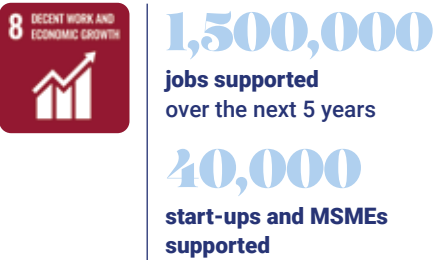
■ 2: Zero hunger ■ 3: Good health and well-being ■ 4: Quality education ■ 9: Industry, innovation and infrastructure

². Out of the total amount of Proparco projects approved in 2023, i.e., €2,682 billion.
³. For each SDG concerned by a project (a project may tackle several SDGs), the total amount of the project is recorded. The sum of the amounts attributed to each SDG is therefore greater than the total amounts signed for the 94 projects.

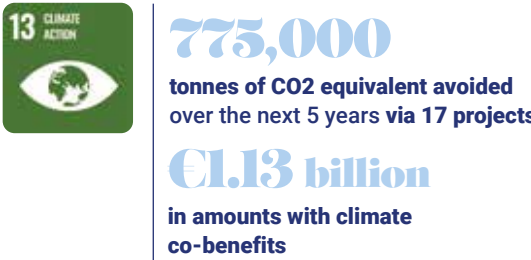
The expected impacts of our projects

Performed when the project is approved, **ex-ante estimates of impact indicators** round out the overall perspective provided by the sustainable development rating. They help with financial decision-making by characterising the expected impacts of the financing 5 years after signature.

Supporting the local economic fabric



Supporting efforts to deal with climate change



Promoting gender equality



Reducing inequalities



Preserving biodiversity

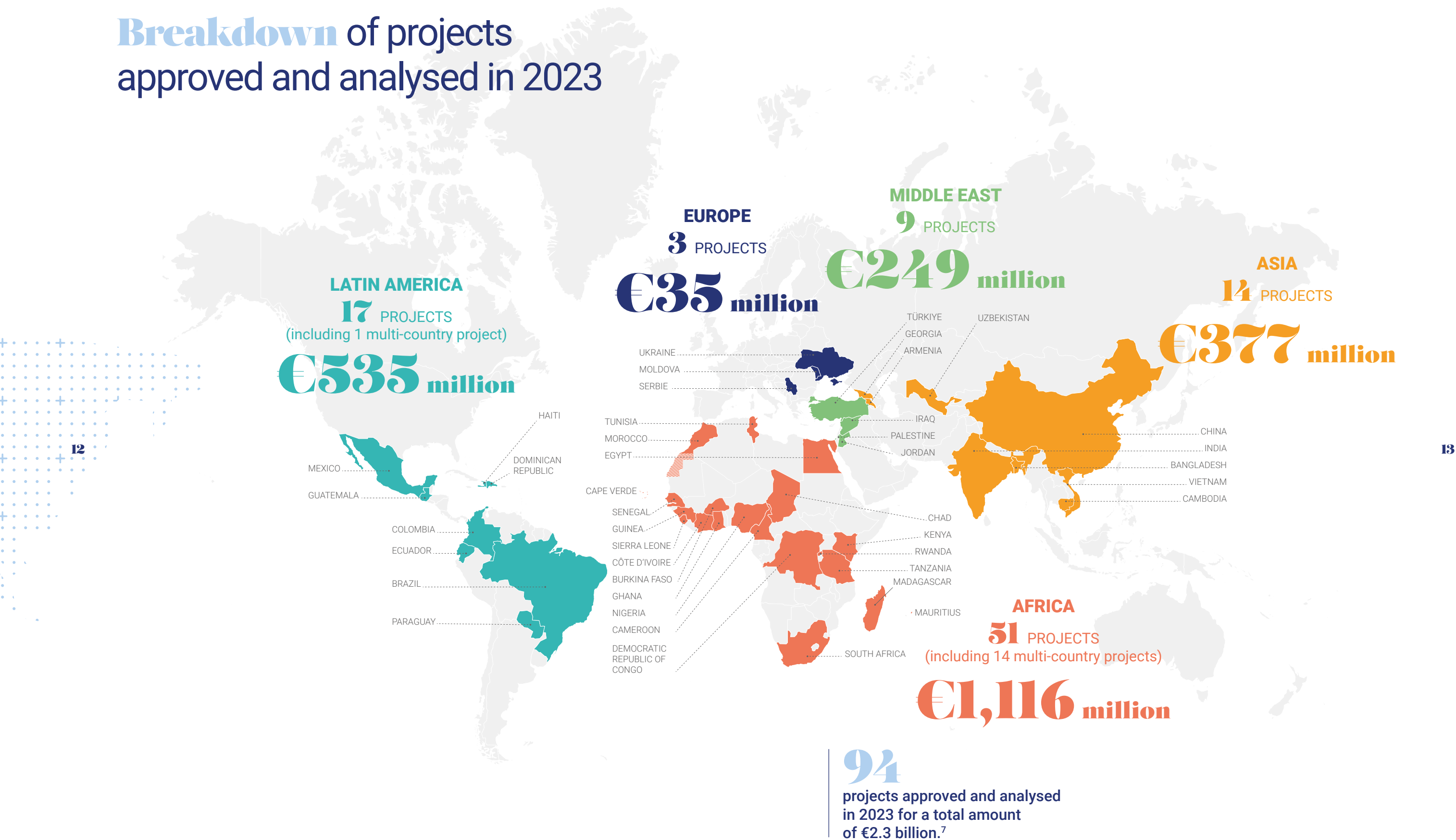


Improving access to essential goods and services



⁴. The 2X Challenge is an initiative which aims to collectively commit and raise funds for projects designed to reduce gender inequality.
⁵. This amount includes projects that make a significant contribution to access to an essential good or service for the Bottom 40. It does not include all of the projects that contribute to reducing socio-economic and territorial inequalities.
⁶. The Bottom 40 corresponds to the poorest 40% of a country's population.

Breakdown of projects approved and analysed in 2023



7. Out of a total of 204 projects approved in 2023, for an amount of €2.682 billion. The impact of the following financing is not included in this report: "individual guarantees" under the ARIZ/EURIZ facility, Trade Finance guarantees, financing dedicated to technical assistance, "Bridge Fund by Digital Africa" financing, as well as European Financing Partners (EFP) and Interact Climate Change Facility (ICCF).



PART 2

Measuring To record concrete impacts

15

Tracking our impacts 2017-2021

The 2023 impact monitoring exercise **covered 312 projects signed between 2017 and 2021, for a total of €5.5 billion**. This reporting scope covers a total of **265 clients**. The annual project monitoring exercise enables us to compare ex-ante impact estimates with impacts actually observed during the project implementation phase.

Supporting employment



105%
of ex ante estimates of direct jobs
were actually achieved



Supporting efforts to deal with climate change

16



88%
of ex ante estimates of CO2 equivalent avoided were actually achieved⁸



Improving gender equality and financial inclusiveness



91%
of projects qualifying for the 2X Challenge maintained
or improved their qualification criteria



82%
of ex ante estimates of access to a micro-
credit loan were validated in the monitoring
phase



8. This figure excludes a project subject to an operational delay whose avoided emissions have not yet materialised.

Tracking impact indicators

Every year, Proparco collects the data needed to **track impact indicators** from its clients.

As well as meeting our commitments to transparency and accountability, the annual project monitoring exercise enables us to compare ex-ante impact estimates with data collected during the project implementation phase.

Progress achieved in the annual impact indicator monitoring exercise helps to:

1

support the implementation of
our strategy – which is firmly focused
on impact

2

enhance our impact-related expertise





PART 3

Evaluating

To enhance our impact-related expertise

19

Ex-post evaluation: focusing on the effects of credit facilities with climate co-benefits

Ex-post evaluations

Ex-post evaluations are performed for knowledge capitalisation purposes. The aim is to gain a better understanding of the real impact of the projects financed over and above the impact indicators, to identify the most effective means of supporting impact objectives and meeting the growing need for transparency and accountability vis-à-vis Proparco's partners. These evaluations also aim to refine or validate a sectoral impact assumption by forging a link between theory and practice in the field.

Evaluating the effects and impacts of credit facilities with climate co-benefits

Evaluation objective, scope and methodology

In 2023, Proparco conducted an ex-post evaluation for the purpose of understanding the effects and impacts of credit facilities with climate co-benefits. The aim was also to identify areas for improvement in order to optimise these effects and impacts.

The evaluation covered 26 lines of credit granted to financial institutions, signed between 2016 and 2021 (for a total amount of €1,011m) and dedicated, wholly or partially, to projects with climate mitigation co-benefits (for a total climate component of €738m).

Data was collected for 20 of the 26 credit facilities covered by the evaluation. They cover 595 "climate"-compatible loans granted for businesses and projects.

Encouraging results

63% of amounts categorised as climate-compatible by our clients (out of the 595 loans) were deemed eligible or potentially eligible - subject to additional information - under our contractual criteria for qualification as climate 'mitigation' finance.

Geographic and sector-based diversification of operations

The geographical coverage of Proparco's dedicated climate credit facilities - with the participation of several African institutions - along with the type of projects financed by the financial institutions, have become more diverse. For example, more loans are now going to energy efficiency projects, whereas initially most of the projects financed were renewable energy projects.

Sustaining a climate culture within our client banks

To take one example, virtually all of the financial institutions that responded to the questionnaire continued to finance climate projects after Proparco's involvement. Fourteen stated that they had been able to diversify the type of climate projects that they financed thanks to Proparco's loan.

Areas for improvement

Two areas for improvement were identified:

- increasing our support for client financial institutions, especially through capacity building, to facilitate the arrangement of loans with climate co-benefits;
- improving the monitoring of how funds are used and the related impacts, by automating the collection of data on the use of funds and related impacts.

20

26 lines of credit granted to financial institutions for over

€1,000 million

The study covers almost

600

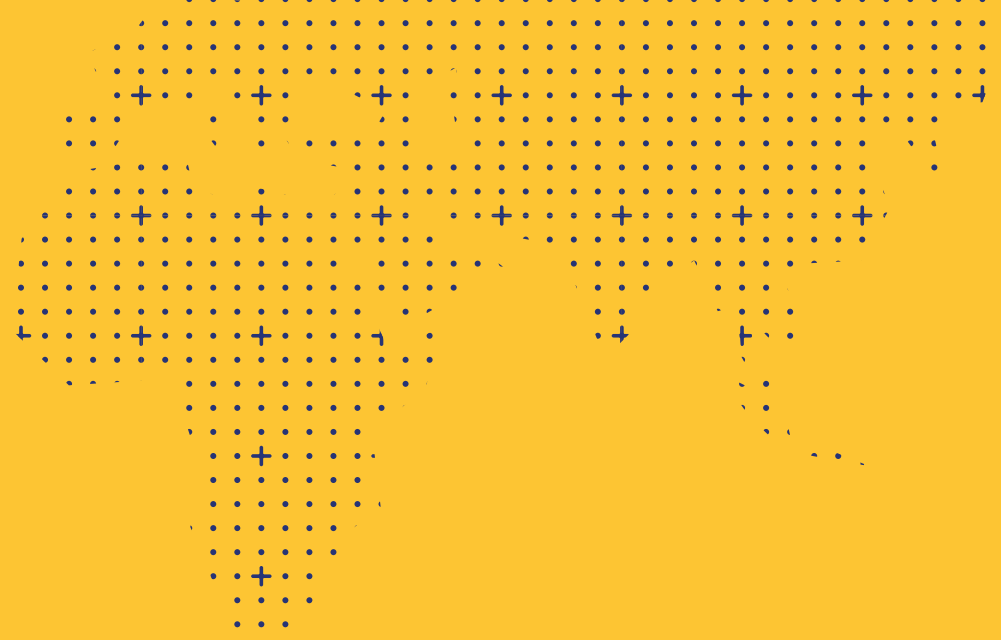
loans granted to companies and projects qualifying as "climate" loans

63%

of amounts categorised as climate-compatible by our clients were deemed eligible or potentially eligible - subject to additional information - under our contractual criteria for qualification as climate 'mitigation' finance.

21

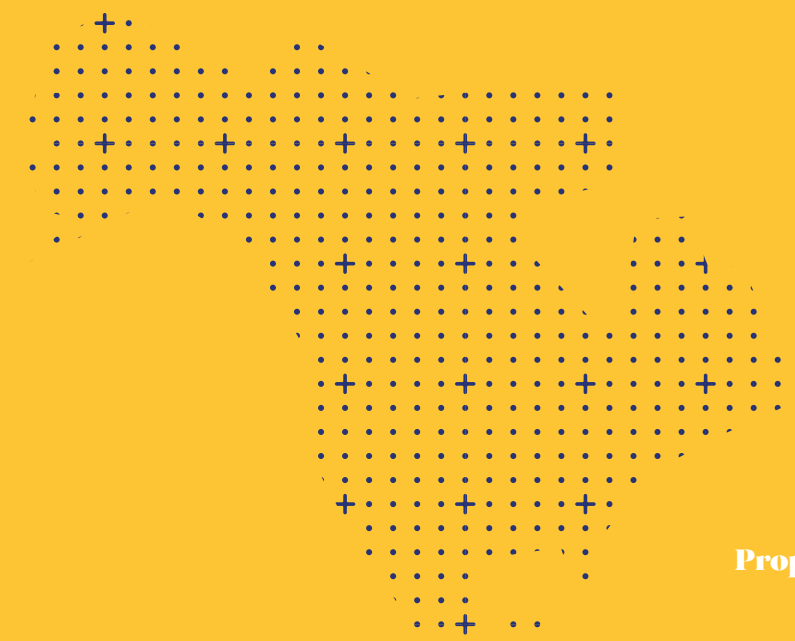




PART 4

Acting for a more just and sustainable world

23



10 *flagship projects*

1

**BRT
DAKAR**
Senegal

€52.9 million
(including a €45.9 million
loan and a €7 million
subsidy)

**Gender equality
Climate**

New-generation bus routes to relieve traffic congestion in Dakar

Faced with chronic traffic congestion in Dakar, resulting in unsafe roads, air pollution and greenhouse gas emissions, the Executive Council for Sustainable Urban Transport (CETUD) has launched a vast programme to restructure the Senegalese capital's urban transport network. Thanks in particular to the introduction of a Bus Rapid Transit (BRT) system scheduled for early 2024, Dakar will get a fleet of 121 100% electric buses – a first in sub-Saharan Africa.

Two long-term senior loans - totalling €91.8 million - provided in equal parts by Proparco and the Emerging Africa Infrastructure Fund (EAIF), are rounded out by two grants: €7 million from the European Union as part of the Global Gateway strategy, and another secured with the infrastructure development and financing agency PIDG TA, for around €9 million.



With a target of 300,000 passengers a day travelling between the outskirts and the city centre on four lines, Dakar BRT will bring multiple benefits to the people of Dakar and Senegal: a massive improvement in air quality, 1,000 direct local jobs created, with priority given to women and young people, reduced travel times and improved access to work, essential services and the city centre, a safer pedestrian environment, improved safety for women and better accessibility for people with disabilities.

2

JOLIBA
Cameroon, Côte
d'Ivoire, Senegal

€14 million
Equity investment

Choose Africa

Supporting the small and medium-sized businesses of the future

Joliba Capital is an African private equity company, majority-owned by LBO France, a multi-specialist and multi-country investment platform. Proparco is investing €14 million as lead investor in Joliba Capital Fund 1 (total amount of €55 million), alongside the IFC (International Finance Corporation, the World Bank's private sector arm) and the Dutch enterprise development bank FMO.

The fund will primarily target investment opportunities in French-speaking countries in West and Central Africa. The aim is to acquire a diversified portfolio of small and medium-sized regional champions looking for equity and operational support across a broad range of consumer-focused sectors, including agri-food, manufacturing, consumer goods, as well as education, healthcare, financial services and logistics. Businesses in French-speaking countries in these regions have historically been less coveted by the private equity market than their English-speaking counterparts.



Joliba Capital places value creation at the heart of its strategy, aiming to generate higher-than-average returns while systematically deploying environmental, social and governance strategies to maximise impact, promote gender diversity and ensure the sustainable growth of its portfolio companies. The project will also support more than 17,000 direct local jobs, nearly 14,000 of which will be filled by women.



3

**GRAVITA
INDIA
LIMITED****Ghana, Senegal****€17 million**
Loan**Climate
Innovation****Indian recycling expertise put to work in
Ghana and Senegal**

Proparco and the Austrian development bank OeEB have teamed up to help fund Gravita Netherlands B.V. (GNBV), the international division of Gravita India Limited. The group is a key player in the lead-acid car battery recycling industry.

Each institution is providing €17 million to finance two new recycling plants in Senegal and Ghana. The aim of the project is to support the group's international development and increase its capacity to recycle new types of waste such as rubber, copper and aluminium. Part of the project funding is earmarked for the working capital requirements of Gravita's international division, and for refinancing part of the group's debt with loans with longer maturities.



The project, which has obtained the "100% climate" label, will help an industrial player to enhance its E&S strategy through an ambitious Environmental and Social Action Plan. In particular, this funding will help to avoid annual emissions of 29,000 of tCO2 eq, encourage sustainable manufacturing and provide alternatives to extractive industries by feeding the circular economy. It will also help to reduce informal recycling - a major public health and environmental pollution issue - and aims to create over 630 jobs by 2028. Lastly, this project will make it possible to share Indian recycling expertise with African players.

26

4

**HORIZON
CAPITAL**
Ukraine**€18.9 million**
Equity interest**Gender equality
Fragile context****Supporting the economy and getting
reconstruction underway in Ukraine**

Horizon Capital is a Kiev-based private equity fund manager investing in Ukraine and Moldova. Since 2006, Horizon has launched five investment funds with total assets of US\$1.6 billion under management. The HCGF IV project primarily targets export-focused companies in the IT sector. This project also meets 4 of the 5 criteria of the "2X Challenge" pro-gender equality initiative. Depending on how the conflict develops, Horizon also plans to invest in companies operating in more traditional market sectors, such as the production of consumer goods.

Horizon will invest between US\$10 million and US\$30 million to acquire minority stakes in between 10 and 15 tech firms. The fund's strategy is to support company growth by providing technical expertise, especially governance and human resources.



The expected impacts of this project with Horizon are two-fold: firstly, to support the Ukrainian economy, particularly the IT sector, which will play a key role in reconstruction. And secondly, to generate strong short-term impacts by supporting more than 6,500 skilled jobs in Ukraine and Moldova, thus generating tax revenues and foreign currency inflows for Ukraine.

5

**SAMA AL-
MANAR****Iraq****€15 million**
Loan**Fragile context****Reinforcing food security and
diversifying the Iraqi economy**

Proparco, together with IFC and FMO, is helping the agri-food company Sama Al-Manar to develop a new high-tech agro-industrial complex in the Iraqi port of Umm Qasr. It includes a soya bean milling plant and warehouses. These initiatives will help to enhance food security, create jobs and diversify the country's economy.

Sama Al-Manar, a subsidiary of Turkish group Tiryaki Agro, currently imports and sells maize and soya meal, the main ingredients in animal feed. The new facility will enable the company to at least double its maize imports by 2027 and to start importing raw soya beans. Sama Al-Manar will then process the raw soya beans, producing both soya meal for domestic animal feed and soya oil, which is set to become one of the country's main non-oil exports. Increased local production of competitively priced animal feed will also help develop Iraq's poultry sector.



The expected impacts are really important for this country, which is plagued by conflict: greater food security, thanks to reduced dependence on imports by ensuring access to foodstuffs for local farmers, as well as greater economic diversification. And let's not forget the new opportunities the project represents for creating decent, local jobs.

27

6

**ECOBANK
TRANSNATIONAL
INCORPORATED**
Africa,
Multi-countries**US\$ 200 million**
Impact loan**Climate****Partnering the ambitious climate
strategy of a major pan-African bank**

Against the backdrop of COP28 in Dubai, a consortium of European development finance institutions syndicated by Proparco announced the signing of a US\$200 million impact loan to support the Ecobank Group's strategy for sustainable development and combating climate change. This is the very first Sustainability-Linked Loan granted to a financial institution in sub-Saharan Africa.

The loan is linked to major climate commitments, in particular group reporting of climate-related data and the definition of a Pro-Climate strategy. The financial support is rounded out by a climate action plan: Proparco will provide technical assistance over several years to teams from parent company Ecobank Transnational Incorporated (ETI) to help achieve these ambitious objectives.

Headquartered in Lomé, Togo, ETI oversees 33 banking subsidiaries across Africa. Ecobank is a key player in the banking sector in sub-Saharan Africa, with comprehensive product offerings for SMEs and market-leading financial services. ETI also provides these services in fragile economies.



ETI has committed to producing a climate transparency report to communicate in respect of its green loan policy, exposure to carbon intensive sectors and exposure to physical climate risks. Ecobank Group is also committed to a climate strategy that incorporates sustainable financing targets, greenhouse gas emission reduction targets for its operations and financing, decarbonisation strategies for the most carbon-intensive sectors and an exclusion policy that covers thermal coal mines and coal-fired power plants.

7

NURU**Democratic
Republic of
Congo (DRC)****US\$ 5 million**
Equity investment**Choose Africa
Fragile context
Off-grid****Nuru - moving towards clean and affordable and inclusive energy in DRC**

Nuru, the company behind the Democratic Republic of Congo's (DRC) first urban solar photovoltaic network, is a key player in providing access to clean, reliable and affordable energy for people in the east of the country, which is plagued by ongoing armed violence.

Last July, Nuru closed a Series B equity financing programme of more than US\$ 41 million. This fund will enable Nuru to step up implementation of energy projects with a total capacity of 13.7 MWp. These projects will significantly expand the company's existing operational facilities in eastern DRC and help to address the country's huge energy deficit.

The US\$ 41 million in funding comes from market-leading equity investors including SFI, Global Energy Alliance for People and Planet (GEAPP), the Renewable Energy Performance Platform (REPP), Proparco, Voltaia and the Energy Access Ventures (EAV) and Gaia impact funds.

The mission of Nuru and its investors is to help develop access to energy while diversifying and decentralising the DRC's energy mix, thereby supporting the aims of the Democratic Republic of Congo's National Strategic Development Plan in terms of renewable energy capacity.



This project will facilitate low-carbon, green development by eliminating or replacing highly emission-intensive diesel generators with hybrid solutions based on solar energy (estimated annual reduction of 24,822 tCO2 eq.).

8

RAXIO**Africa,
Multi-countries****US\$ 40 million**
Loan**Rolling out digital infrastructure in Africa**

Raxio Data Centres is a pan-African data centre developer and operator. The group plans to build ten data centres by October 2026 in three phases. Proparco's financing, with an initial debt tranche of US\$ 40 million, will enable the development of seven data centres representing 11MW of computing capacity, in countries where neutral and open-access data centres are rare or non-existent. These include Uganda, Ethiopia, Mozambique, Democratic Republic of Congo, Côte d'Ivoire, Angola and Tanzania.

Proparco was joint lead on this loan for the Emerging Africa Infrastructure Fund (EAIF), part of the Private Infrastructure Development Group (PIDG). The loan agreements include incentives to meet specific sustainability targets, such as the supply of renewable energy or efficient energy and water use. These ESG principles are in line with the core values and strong commitment of Raxio's shareholders: Roha, the African investment company and founder, and the French operator Meridiam.



These digital infrastructures will provide local communities with a reliable network, which will have a positive impact on local economic development and support almost 100 direct jobs and 1,500 indirect jobs.

9

SAHYADRI**FARMS****India****US\$ 11.3 million**
Equity investment**Supporting a rapidly-growing Indian agricultural cooperative**

In the Indian state of Maharashtra, Sahyadri Farms cooperative supports a network of 24,000 smallholder farmers. It has emerged as one of the leading players in the country's fruit and vegetable sector, as well as one of its biggest international exporters, particularly to the European market. The group is fully integrated across the value chain, from pre-harvest and post-harvest activities (sorting, packaging and processing of fruit and vegetables) to distribution in Indian and international markets.

In 2022, Proparco invested in Sahyadri Farms along with Incofin, FMO and Korys to finance the company's growth strategy. The aim was to develop post-harvest activities by financing new fruit and vegetable processing plants, developing new partnerships, adding new crops and varieties and scaling up the distribution network. In October 2023, Proparco's investments were used to commission a new 1.6 megawatt biogas plant that uses a process based on fermentation of organic matter from agriculture.



From an economic and social perspective, the project is expected to create 4,400 jobs within 5 years and help maintain 84,000 existing jobs. Farmer cooperative members are supported by Sahyadri Farms. They benefit from access to regenerative farming practices and quality equipment, enabling them to increase yields and enhance the quality of their production while reducing farm losses and the use of pesticides and fertilisers. The company provides a digital platform that tells farmers about high-yielding crop varieties, agricultural inputs, weather in real time and market access. In terms of climate, the project recognises a 23% climate co-benefit, reflecting the regenerative farming practices, gradual elimination of coal in steam production thanks to the biomass boilers, the increase in renewable energy production, the potential for waste reduction and efficiency throughout the value chain.



10

SABESP
Brazil

US\$ 95 million
Guarantee

**Adaptation
Mitigation**

30

Improving household access to sanitation and helping to clean up the Rio Tietê

Proparco and BID Invest are working with SABESP to improve access to sanitation in the São Paulo metropolitan region and help clean up the River Tietê by extending coverage of collection networks and wastewater treatment plants.

SABESP is a public mixed-capital company in charge of water and wastewater services in the 375 municipalities of the State of São Paulo, with 27.8 million water users and 24.6 million users of wastewater services. The São Paulo region is traversed by the Tietê, a river in an advanced state of eutrophication due to wastewater discharges into the natural environment.

BID Invest is providing a local currency loan to SABESP to finance phase IV of the major programme to clean up the Tietê River, which has been underway since the 1990s. Proparco is providing a local currency guarantee to BID Invest. Phase IV of the Tietê programme targets 34 municipalities in the São Paulo Metropolitan Region, with three components: optimising and extending the wastewater network, extension and construction of four wastewater treatment plants, and project management technical assistance.



The project's expected impacts are many and varied: 1.3 million people will benefit from a new or improved sewerage system, reduction of water-borne diseases which have increased as a result of climate change, water pollution will be reduced, and more than 65,000 jobs will be either maintained or created.

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Proparco

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ABOUT PROPARCO

Proparco, a subsidiary of Agence Française de Développement Group, has been working with the private sector for over 45 years for a more just and sustainable world. With an international network of 23 local offices, Proparco works closely with its partners to build sustainable solutions in response to environmental and social challenges in Africa, the Middle East, Asia and Latin America. Proparco benefits from sector-based expertise and a wide range of financial solutions tailored to the different stages of business development and its Propulse technical assistance offering designed to scale up the impacts and performance of its partners. With over 450 employees — including nearly 100 working in the field — and a portfolio of €7.3 billion, Proparco is currently one of the largest development finance institutions.

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