REGMIFA IMPACT REPORT

2022

regmifA

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ABOUT REGMIFA

Founded in 2010, the Regional MSME Investment Fund for Sub-Saharan Africa (REGMIFA) is an investment fund dedicated to promoting economic development in Sub-Saharan Africa. REGMIFA works to build unique public-private partnerships with public institutions, private investors, and African stakeholders to achieve its mission. The strategic goals of the fund are to create employment, generate income and alleviate poverty by supporting micro, small and medium-sized enterprises (MSMEs) and low- and middle-income households (LMIHs).

In 2020, REGMIFA launched a new 10-year strategy, expanding its focus from the microfinance sector to include the small and medium enterprise (SME) sector and to support LMIHs more broadly to improve their quality of life. REGMIFA works towards its goals by lending to financial intermediaries (microfinance institutions, banks, leasing companies, factoring companies, fintech companies, financial holding companies and investment funds) that serve MSMEs and LMIHs.

ABOUT THE INVESTMENT MANAGER

Symbiotics Asset Management (SYAM) acts as the Investment Manager of REGMIFA. Symbiotics is a specialist impact asset manager, dedicated to private debt investment in emerging and frontier markets.

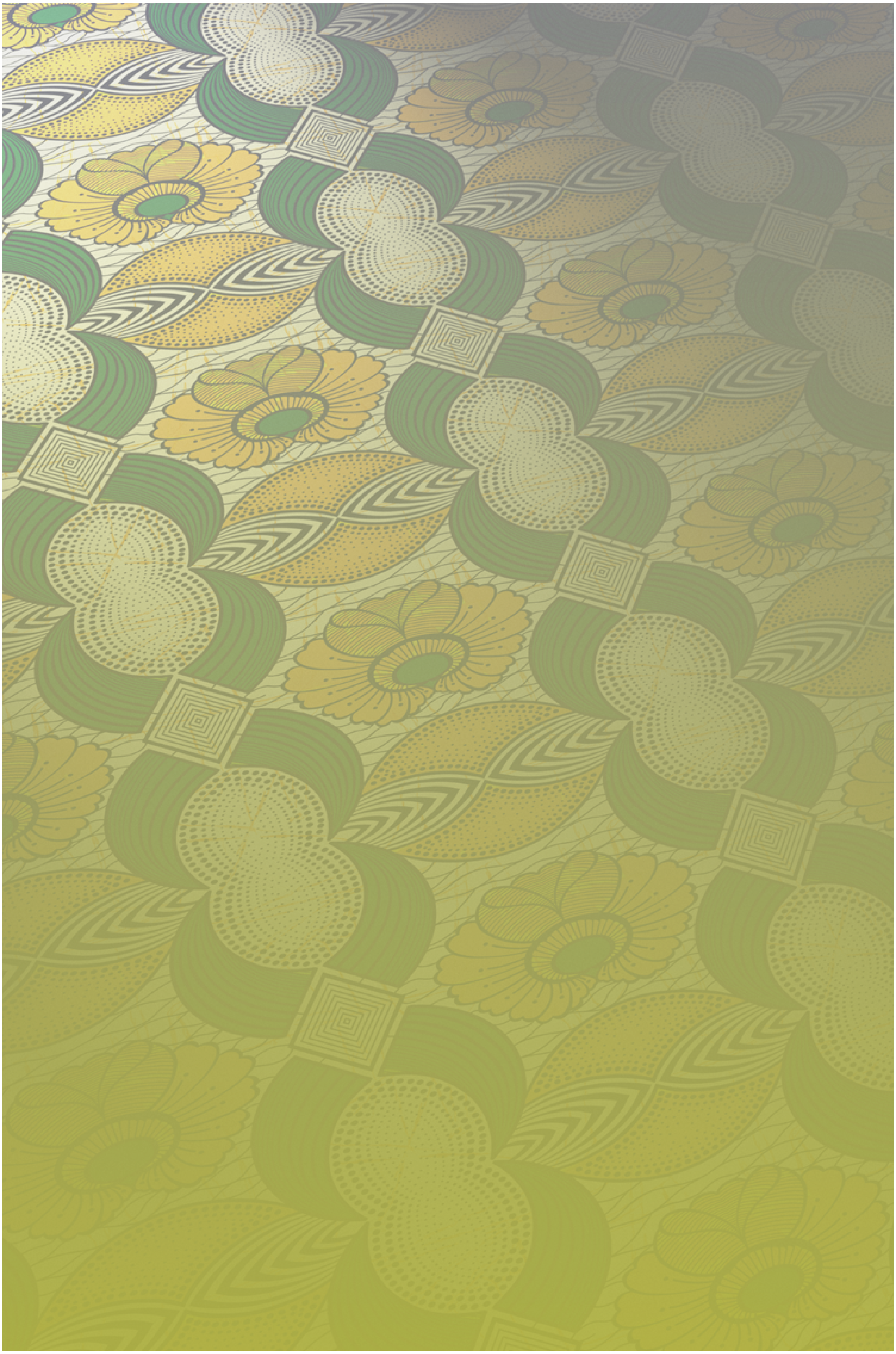
SYAM offers investments in emerging and frontier markets focused on impact outcomes, tailoring investment solutions according to client needs, in the form of investment funds and segregated mandates. The Symbiotics Group is a leading market access platform for impact investing, financing MSMEs and LMIHs in emerging and frontier markets. The group offers investment, asset management and capacity building services. SYAM has USD 2.9 billion in assets under management as of 31 December 2022.

ABOUT THIS REPORT

This report was prepared by Tameo Impact Fund Solutions to assess the fund's contribution to its mission and sustainability objectives.

Tameo Impact Fund Solutions SA (Tameo) is a Swiss impact investing specialist serving the financial industry with independent expert solutions. Tameo guides investment funds, managers, and investors through the entire impact investing journey. It offers the most comprehensive online database of impact funds, customized analyses, and independent valuations. Through its research and advisory services, Tameo empowers clients to move towards best-in-class impact measurement & management.

The report provides data covering the period from March 2022 to the end of December 2022. All figures in the report are calculated using quarterly weighted averages, considering the fund's exposure, unless otherwise specified.



REGMIFA'S 2022 IMPACT AT A GLANCE[1]

The Fund invested USD 66 million in 2022 across 39 transactions, ending the year with a net portfolio size of USD 155.1 million (at market)[2] and reaching over 200,000 end-borrowers who:

- Are about 35% women (vs. 43% for men and 22% for legal entities)
- Reside primarily in urban areas (75%)
- Live in 23 different countries, notably Kenya, Nigeria, South Africa and Burkina Faso[3]
- 89% of end-borrowers received loans for micro, small, or medium-sized enterprises
- Are active in trade (47%) as well as services (28%), agriculture (9%), and production (3%)
- Received a loan of USD 1,700 on average
- Borrowed through both individual and group loans (65% and 27%, respectively)

The Fund seeks to actively contribute to United Nations Sustainable Development Goals (SDGs)[4] 1, 5 and 8.

1 The majority of these indicators are calculated using the total number of borrowers reached by the institutions in the portfolio. These are weighted averages using quarterly GAV figures.
2 Data discrepancies between quarterly factsheets and the 2021 ESR Annual Report are due to 1) differences in the date of the data. PLIs report on different months throughout the year and this report is produced based on the most recent reports received from PLIs at the date of production of this report. 2) Due to the portfolio valuation at market versus at cost, all values in this report are calculated using values at market. 3) The values in this report include values at market, net of upfront fees and provisions.
3 On average, the fund had direct investments in 23 countries during 2022, including the United States and the United Arab Emirates. This report provides information on the countries where the Fund's proceeds are reaching end borrowers, including countries where the fund only has an indirect outreach through financial services provided by its PLIs in countries other than their domicile. Through its investments, REGMIFA, on average over 2022 had an outreach to end borrowers located in 23 countries in Sub-Saharan Africa (see section 3.1 Country outreach for more information). Over 2022, it had outreach at some point in time to a total of 25 countries. See section 3.1 Country outreach for more information.
4 The United Nations Sustainable Development Goals, adopted by all Member States of the United Nations in 2015, are 17 global goals to achieve peace and prosperity for people and the planet by 2030. (https://sustainabledevelopment.un.org/sdgs)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1.
IMPACT MANAGEMENT

1.1 MISSION OF THE FUND

The mission of the Fund is to build a unique public-private partnership between donors, development finance institutions and international finance institutions, private investors and African stakeholders to **foster economic development and prosperity in Sub-Saharan Africa** through the **provision of demand-oriented financing to** qualified and, to the extent necessary, technically supported **financial intermediaries serving MSMEs and LMIHs**. In pursuing its development goal, the goal will observe principles of **sustainability** and **additionality**, combining public mandate and market orientation. These principles will be addressed later in this document.

1.2 THEORY OF CHANGE

To achieve this mission, the Fund will seek to invest in a balanced portfolio of financial intermediaries (partner lending institutions; PLIs) providing funding and services to MSMEs and LMIHs in Sub-Saharan Africa. This is based on the theory of change summarized in Figure 1, supporting the principle of additionality.

The Fund offers its PLIs access to financing and customized technical assistance (TA) projects. As a result of these **inputs**, we can expect several **outputs** at the level of both the PLIs and the end-borrowers. First, PLIs will grow in terms of total assets when they receive additional financing. In addition, TA projects, tailored to the needs of the PLIs, will help them provide better quality services, and improve their governance and lending practices. This can potentially translate into a decrease in costs due to the increase in transaction volume, as well as the development of demand-driven products that are well suited to their customers. These factors will enable PLIs to, in turn, serve more clients (MSMEs and LMIHs).

As end-borrowers expand their access to financial services, they can better address their business and household needs and seize more opportunities.[5] The expected **outcomes** for MSMEs include the ability to start a new business or invest in an existing business. For example, they may purchase inventory, equipment, or have the ability to employ more workers.[6] Microfinance borrowers often benefit from financial services, not only for business purposes, but also to manage household finances. As such, microfinance borrowers may be able to smooth household consumption of basic goods and benefit from the ability to invest in human capital, for example by paying for children's school fees.[7, 8]

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5 Mdasha, Z., Irungu, D., & Wachira, M. (2018). Effect of Financial Inclusion Strategy on Performance of Small and Medium Enterprises: A Case of Selected SMEs in Dar es Salam, Tanzania. Journal of Strategic Management, 2(1), 51-70.
6 Crépon, B., Devoto, F., Duflo, E., & Parienté, W. (2015). Estimating the Impact of Microcredit on Those Who Take it up: Evidence from a Randomized Experiment in Morocco. American Economic Journal: Applied Economics, 7(1), 123-50
7 Moore, D., Niazi, Z., Rouse, R., & Kramer, B. (2019). Building Resilience through Financial Inclusion: A Review of Existing Evidence and Knowledge Gaps. Financial Inclusion Program, Innovations for Poverty Action
8 El-Zoghbi, M., Holle, N., & Soursourian, M. (2019). Emerging Evidence on Financial Inclusion: Moving from Black and White to Color. Washington, DC: CGAP. https://www.cgap.org/research/publication/emerging-evidence-financial-inclusion.

Finally, these outcomes lead to positive long-term **impacts** for end-borrowers. Namely, we expect end-borrowers to experience an increase in income and higher consumption levels. As such, they build their financial resilience, equipped with the ability to better manage their income flows and pay their bills. Together, these changes lead to an overall improvement in quality of life, as perceived by the end-borrowers. Since 2019, REGMIFA has been conducting annual impact studies in partnership with 60 Decibels to test its theory of change and assess the impact of its investments by collecting data directly from end-borrowers.[9]

The Fund also ensures that it is not doing significant harm to any stakeholders while investing, notably the environment, the employees or clients of its PLIs (principle of **sustainability**).

Figure 1: Theory of Change

INPUTS

Providing **credit** and **technical assistance** to socially responsible financial institutions in Sub-Saharan Africa, active in MSME finance

OUTPUTS

PLI level:

- Growth in total assets
- Improvement in lending practices and product quality

End-client level:

- Access to finance for more MSMEs and LMIHs

OUTCOMES

End-client level:

- Invest in business
- Employ more workers
- Smooth consumption
- Invest in human capital (e.g. pay school fees)

IMPACTS

End-client level:

- Increase in income and household consumption
- Higher resilience to financial shocks
- Improved quality of life

ASSUMPTIONS

- Financial institutions improve their operations as they grow in size and receive technical assistance.
- Financial institutions are able to reach more MSMEs when they obtain additional financing.

- Lack of financial stability prevents low- and middle-income households from seizing business opportunities and investing in human capital.
- MSMEs are credit-constrained.
- MSMEs are an engine of economic growth.

- Investments in business lead to income growth, in turn increasing consumption and quality of life.

9 https://regmifa.com/category/publications/impact-studies

1.3 SUSTAINABLE INVESTMENT OBJECTIVES

The Sustainable Finance Disclosure Regulation (SFDR) was introduced in 2019 as part of the European Commission's Sustainable Finance agenda to increase transparency in financial markets through harmonized rules addressing sustainability risks integration and disclosure of overall sustainability-related information for financial products. As a financial product that has sustainable investment as its objective and that explicitly promotes social development, REGMIFA is classified as an Article 9 fund under SFDR. In line with the requirements for Article 9 funds, REGMIFA has sustainable investment objectives defined by its mission (see above).

REGMIFA has further defined its Sustainable Impact Objective using the SDGs adopted in 2015 by the United Nations as a global benchmark. Through its investments, REGMIFA seeks to actively contribute to the SDGS 1, 5 and 8.

How does REGMIFA contribute?

The Fund contributes to SDG Target 1.4:
"By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.", while investing in Investees whose loans are mostly serving small households' needs, housing or education."

The Fund contributes to SDG Target 5.1:
"End all forms of discrimination against all women and girls everywhere.", while investing in Investees whose loans go in their majority to a portfolio of women borrowers.

The Fund contributes to Target 8.3:
"Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.", while investing in Investees whose loans go in majority to a portfolio of MSMEs.

1.4 IMPACT TARGETS IN 2022 AND ACHIEVEMENTS

REGMIFA puts its mission into practice by setting clear impact targets on an annual basis. This makes it possible to actively monitor and manage impact performance, to maximize the socioeconomic impact of the fund's activities, and to commit resources to these targets. As shown below, many of the 2022 impact targets have been achieved, with some only partially achieved, leaving some room for improvement.

1.4.1 End-borrower level

Target	Actual	Status
Reach at least **100,000 end-borrowers**	In 2022, REGMIFA reached out to 213,109 end-borrowers.	Achieved
Ensure that the ratio of women-to-men borrowers is at least 100%[10]	The ratio of women end-borrowers over men end-borrowers was 82% in 2022.	Partially achieved
Ensure that at least 20% of end-borrowers are in rural areas[11]	25% of end-borrowers financed by the fund resided in rural areas.	Achieved
Finalize the revision of the **ESR policy** and **Impact report template**	The ESR policy was fully finalized in 2022. The Impact Report template has been reviewed and implemented for the 2022 report.	Achieved

10 Global Findex 2017 indicates that 8% of men in Sub-Saharan Africa (excluding High Income) indicate having borrowed from a financial institution, vs. 6% of women. The implied female/male borrowers ratio is thus 76%. If we take into account the fact that female represent 55% of the adult population (15-64) in Sub-Saharan Africa, the implied ratio of female borrowers would go up to 92.5%. REGMIFA in 2021 had a ratio of 93%.

11 % rural population in Sub-Saharan Africa (excluding High Income) was 60% in 2020 (World Bank). The current figure for REGMIFA is 25%.

1.4.2 PLI Level

Target	Actual	Status
At least two new PLIs with an **SME finance focus**	The fund onboarded one Cameroonian bank that is committed to supporting MSMEs and one financial institution based in Botswana supporting SMEs and financial service providers in Southern Africa.	Achieved
At least 30% of new PLI investments should be **Tier 2 or Tier 3** institutions[12]	24% of the new investments were disbursed to PLIs classified as Tier 2 or Tier 3 institutions.	Partially achieved
At least two new PLIs with an **innovative business model**	Three PLIs onboarded in 2022 are fintech companies.	Achieved
Provide documentation on the ESMS of REGMIFA to all PLIs	The ESMS communication kit was finalized in the course of 2022. The roll-out is still ongoing in 2023.	Partially achieved
Develop and complete the first edition of the **Technical Assistance Package SME** (TAP SME 1) with the participation of 6 PLIs	The TAP SME 1 project with the participation of 6 PLIs commenced in 2022, but it will be finalized in 2023.	Partially achieved

12 The tier classification valid until end of 2022 is as follows: Tier 1 institutions: PLIs with total assets above USD 30m; Tier 2 institutions: PLIs with total assets between USD 10m and USD 30m; Tier 3 institutions: PLIs with total assets below USD 10m. See note 15 below for the classification that will apply from 2023 onwards.

1.4.3 Sector level

Target	Actual	Status
Increase the gross **portfolio size** to USD 177m at cost	The gross portfolio at cost increased from USD 146.8 million at the end of 2021 to USD 169 million (including USD 9.1 million of committed amounts) at the end of 2022. The Fund had 55 investees at the end of December 2022, besides the 2 PLIs with committed amounts and an average investment per institution of USD 3 million.	Partially achieved
Continue developing innovative financing strategies to add **three new countries** to the PLI Investments portfolio and have outreach to 23 countries	Three new countries were added to the portfolio as REGMIFA invested in PLIs with outreach in Botswana, Cameroon, and Mauritius in 2022. In addition, a new investee was onboarded in Rwanda, a country in which the Fund only had workout cases in 2021. The number of countries where the fund had an outreach through direct or indirect investments at the end of 2022 is 25 (and 23 on average during 2022).	Achieved
Increase the focus on **Compact with Africa** (CwA) countries from 35% to 37% of the portfolio[13]	The share of the portfolio invested in CwA countries decreased from 35% to 32%, mainly due to high hedging costs in the region that made it difficult to increase the exposure.	Not achieved
Contribute to the 60Decibels Microfinance Index (5 PLIs)	The fund is contributing to the index by co-financing the data collection for 8 PLIs. REGMIFA will publish a report by the end of 2023 including the performance of 12 PLIs, including 4 that participated in the 2022 cohort.	Achieved

1.4.4 Investor level

Target	Actual	Status
Serve target dividends to all shareholders	In 2022, the fund was able to serve target dividends for all Share Classes and also served complementary dividends.	Achieved
Recover 25% of amounts in workout at the end of 2022	23% of the notional in workout as of 31 December 2021 was recovered in 2022.	Partially achieved

13 The G20 CwA was initiated under the German G20 Presidency to promote private investment in Africa, including in infrastructure. So far, twelve African countries have joined the initiative: Benin, Burkina Faso, Côte d'Ivoire, Egypt, Ethiopia, Ghana, Guinea, Morocco, Rwanda, Senegal, Togo, and Tunisia.

1.5 IMPACT TARGETS FOR 2023

Investments for the economic development of Sub-Saharan Africa:

- Add outreach to **one new country** and have a total outreach at the end of the year to 26 countries.
- Increase the focus on **Compact with Africa** countries to have a minimum direct and indirect Portfolio exposure of USD 70 million.[14]
- Onboard at least two new PLIs with an **SME finance focus**.
- Disburse 33% of PLI investments to (lower) **Tier 2 and/or Tier 3** institutions.[15]
- Onboard at least two new PLIs with an **innovative business model**.

Positive Impacts:

- Finish the participation in the Financial Inclusion Index of 60Decibels (4 PLIs) and publish a report with findings.
- Reach at least **200,000 end-borrowers**.
- **Ensure that the weighted average ratio of Women Borrowers / Men Borrowers at the investee level is at least 100%**.
- **Ensure that at least 20% of end-borrowers served by financial institutions are in rural areas**.[16]
- Develop and complete the first edition of the **Technical Assistance Package SME** (TAP SME 1) with the participation of 6 PLIs (to be defined).
- Launch of the ESMS TA Program Package.

Management of Potential Adverse Impacts:

- Finalize providing documentation on the ESMS of REGMIFA to all PLIs.
- Monitor the status of all the ESAPs contractually required since 2022 and for which disbursements to PLIs have been completed.
- Confirm that 100% of the PLIs committed to implementing the client protection standards promoted by SPTF have signed up to the Client Protection Pathway.
- Finance the new Client Protection Module of Financial Inclusion Index of 60Decibels (4 PLIs) and publish a report with findings.

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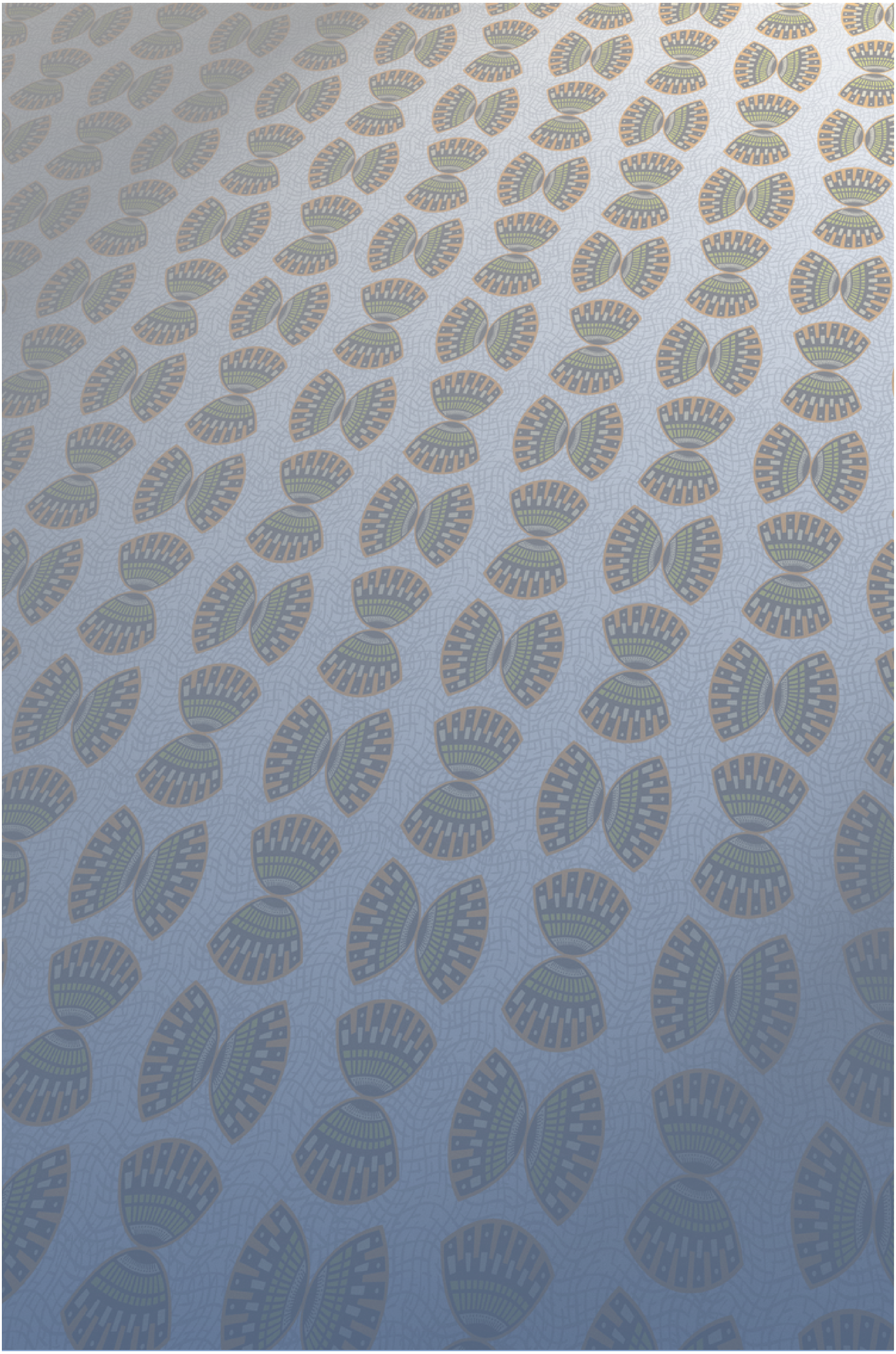
15 Tier 3: PLIs with assets below USD 10M; Tier 2: PLIs with assets between USD 10M and USD 100M; This new tier definition, will be effective from 2023 onwards. See note 11 for the definition prevailing until 2022.

16 % rural population in Sub-Saharan Africa (excluding High Income) was 60% in 2020 (WorldBank). The current figure for REGMIFA is 17%.



2.
INVESTMENTS FOR THE ECONOMIC DEVELOPMENT OF SUB-SAHARAN AFRICA

2.1 COUNTRY OUTREACH

In 2022, the REGMIFA reached end-beneficiaries in 23 countries in Sub-Saharan Africa on average during the year and in a total of 25 countries at some point in the year.[17]

Among the fund's PLIs are Greenlight Planet, ACF and MFS Africa headquartered in the US, United Arab Emirates and Mauritius, correspondingly. These institutions provide financial products and services to end-borrowers located in Sub-Saharan Africa. The table below includes only the countries of outreach and not the countries of domicile of Investees.

Table 1: Countries of outreach

Countries of outreach	% of GAV (weighted average)	GNI per Capita (2021)[18]	Life expectancy at birth, (years) (2020)[19]	HDI rank (2021)[20]	Development Level[21]	Banking Penetration (2021)[22]
Portfolio	**74%**	**2,214**	**61**	**156**	**Low**	**57%**
Kenya	14.7%	2,010	63	152	58%	79%
Nigeria	13.5%	2,100	53	163	54%	45%
South Africa	8.2%	6,440	65	109	71%	85%
Ivory Coast	6.6%	2,450	59	159	55%	51%
Burkina Faso*	6.4%	860	60	184	45%	36%
Senegal*	5.8%	1,540	68	170	51%	56%
Uganda*	4.1%	840	63	166	53%	66%
Madagascar*	3.2%	500	65	173	50%	15%
Ghana	2.3%	2,360	64	133	63%	68%
Benin*	1.8%	1,370	60	166	53%	49%
DRC*	1.6%	580	60	179	48%	18%
Cameroon	1.3%	1,590	61	151	58%	52%
Tanzania*	1.2%	1,140	66	160	55%	52%
Mali*	1.2%	870	59	186	43%	44%
Sierra Leone*	0.6%	510	60	181	48%	29%
Malawi*	0.3%	630	64	169	51%	43%
Angola*	0.3%	1,770	62	148	59%	13%
Zambia*	0.3%	1,040	62	154	57%	49%
Mozambique*	0.2%	480	61	185	45%	49%
Togo*	0.2%	980	61	162	54%	50%
Mauritius	0.2%	10,860	74	63	80%	91%
Namibia	0.1%	4,550	63	139	62%	71%
Rwanda*	0.1%	850	67	165	53%	39%

17 The Fund had outreach to 19 countries in Q1, 21 countries in Q2, and 25 countries in Q3 and Q4.
18 The World Bank DataBank. (n.d.). World Development Indicators. Retrieved from: http://databank.worldbank.org/data/source/world-development-indicators
19 Ibid.
20 United Nations Development Programme. (2016). Human Development Reports. Retrieved from: http://hdr.undp.org/en/composite/HDI
21 United Nations Development Programme. (2016). Human Development Reports. Retrieved from: http://hdr.undp.org/en/composite/HDI
22 Banking penetration is measured through the Global Findex indicator "account ownership". This defined as: "Ownership of an individual or jointly owned account at regulated institutions, such as bank, credit union, microfinance institution, post office or mobile service provider."

Botswana	0.1%	6,940	66	117	69%	48%
Zimbabwe	0.1%	1,400	61	146	59%	60%

*Classified as least developed country (LDCs).

REGMIFA's end-beneficiaries are based in countries where the average annual income (GNI per capita) is USD 2,214 which is lower than the average in low and middle-income economies (USD 5,298), but similar to the average in Sub-Saharan Africa (USD 1,577).[23] REGMIFA's PLIs are mostly in countries with a low development level as classified by the Human Development Index.

Account ownership is an important indicator to measure the development of financial inclusion. Having access to finance and financial services equips people with tools to withstand financial shocks, increase their household spending in areas such as health and education, and improve their quality of life. The Global Findex Database, created in 2011, provides data on access to finance and overall use of financial services worldwide. In 2021, the Findex showed an increase in account ownership globally, reaching 76% of adults (51% in 2011). Similarly, in low-and middle-income countries, it increased from 63% in 2011 to 71% in 2021. However, challenges remain, and growth has not been uniform. Notably, women, the poor, the young and unemployed remain largely underserved by the traditional financial system. Just over half of the adults living in the countries where REGMIFA has outreach have a bank account (57%), lower than the average in low- and middle-income countries (71%) and similar to the average in Sub-Saharan Africa (55%).

Following the World Bank's classification, 76% of the fund's portfolio has outreach in countries classified as low- and lower-middle income countries, and 14% in upper-middle-income.[24] Additionally, 15 countries are classified as least developed countries, representing 27% of total investment.[25]

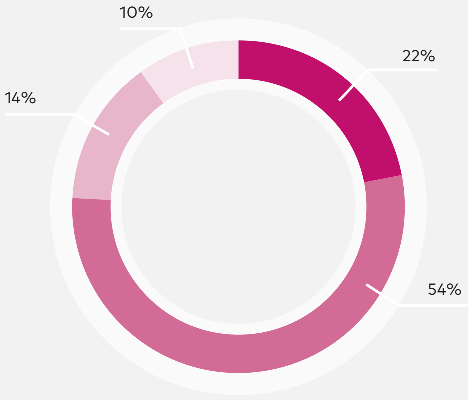


Figure 2: Income level
(% of portfolio-weighted average)

23 This value does not include GNI per capita of countries with indirect investment.
24 Countries' income levels are defined by the World Bank according to gross national income (GNI) per capita as follows:
- Low-income: USD 1,085 or less
- Lower-middle-income: USD 1,086 to USD 4,255
- Upper-middle-income: USD 4,256 to USD 13,205
- High-income: USD 13,205 or more

25 Least developed countries (LDCs) are low-income countries confronting severe structural impediments to sustainable development. They are highly vulnerable to economic and environmental shocks and have low levels of human assets.

2.2 PLI OUTREACH

REGMIFA invests in a diverse range of financial institutions, reaching different segments of the financially excluded population in emerging and frontier markets. On average, during 2022 the fund was invested directly in 53 institutions and across the year, had exposure to a total of 65 PLIs.

In terms of investee size, the largest proportion of the portfolio both by number (34 institutions) and volume (48%) is in medium-sized institutions with total assets between USD 10 million and USD 100 million.

Table 2: Size of PLIs GAV

Size of PLIs GAV	Number of PLIs
≥ USD 1 billion	4
USD 100m ≤ total assets < USD 1bn	10
USD 10m ≤ total assets < USD 100m	**34**
< USD 10m	5

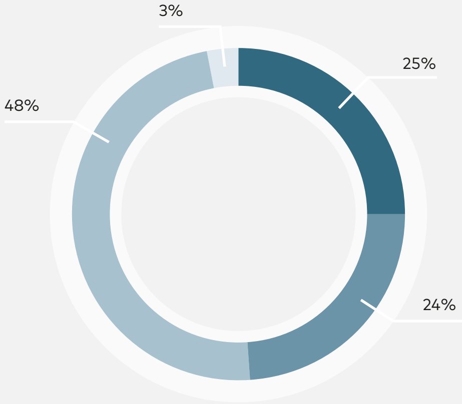


Figure 3: Size of Financial Institutions (% of GAV)

2.3 OUTREACH TO UNDERSERVED MARKET SEGMENTS:

In 2022, REGMIFA reached 213,109 end-borrowers through the loans granted by the PLIs, an increase of nearly 10,000 borrowers compared to 2021.[26] The following section provides insights on end-borrowers' characteristics in terms of number of borrowers served and proportion of the PLI's allocated portfolio.

Gender

More than a third of end-borrowers benefiting from a loan are women while 43% are men and 22% are legal entities. When looking at the volume allocated by PLIs, 23% of the PLIs' portfolio was financing women, 51% men and 25% legal entities, demonstrating that the average loan size to women provided by PLIs in REGMIFA's portfolio is 70% of the size of that provided to men (USD 901 vs USD 1,293 for men).[27] This shows that, even though microfinance is expanding access to finance for women, there is still room for improvement to bridge the gap in the volume of capital allocated to women.

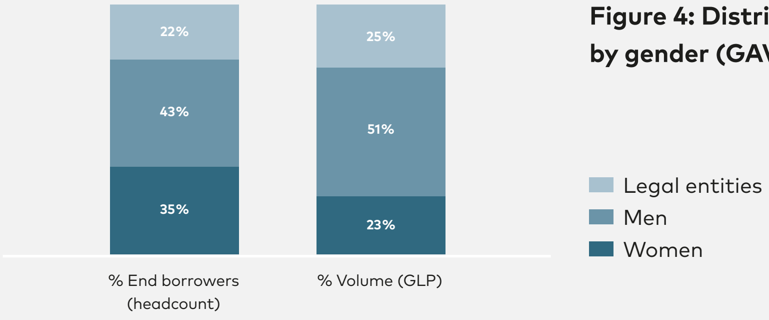


Figure 4: Distribution in number and volume by gender (GAV weighted average)

Location

More than three quarters of the end-borrowers supported by REGMIFA are in urban settings and 25% in rural areas. The share of portfolio in rural areas in volume is lower as loans provided to end-borrowers in rural areas tend to be smaller than those in urban areas. Some possible reasons include the higher costs and risks associated with lending in rural areas, the lower income levels and business opportunities available in these areas.

26 In 2021, the number of end-borrowers reported was 115,665. While it might seem like an increase of 84% in 2022, the main reason is due to unreported data from an institution. In 2021, Greenlight Planet did not provide any data regarding the number of borrowers served and therefore the number of borrowers resulting from the loan and the corresponding bond issued were not considered in the total number of borrowers. Approximately 88,186 end-borrowers were not included in last year calculations.

27 This low proportion of loan volume for women is mainly due te to the high exposure of the fund to Access Bank Plc (average of 10% per quarter). The institution has 87% of GLP in loans for men and 1% for women borrowers. However, the institution is committing resources to increase the proportion going to women. Already in 2014, the institutions launched the "W" initiative aiming to support female entrepreneurs in Nigeria and enhance women empowerment in the country.

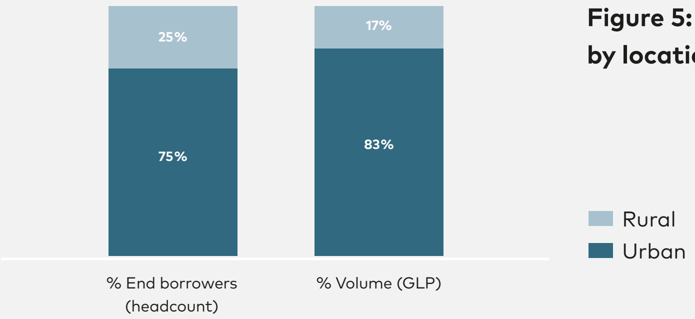


Figure 5: Distribution in number and volume by location (GAV weighted average)

Methodology

In terms of the lending methodology, 89% of end-borrowers received an individual loan and 11% of the loans were granted on a group basis. There is no significant difference in the loan size between individual and group loans.

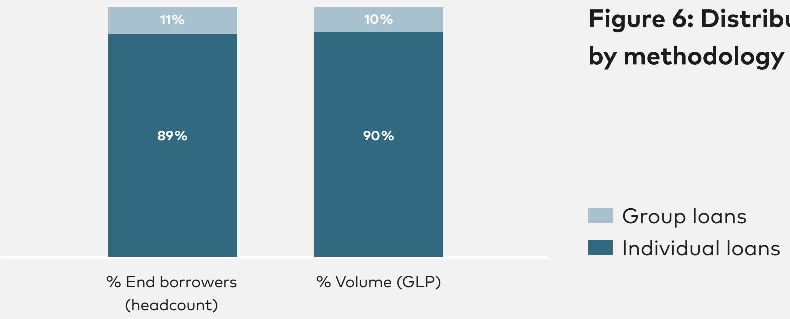


Figure 6: Distribution in number and volume by methodology (GAV weighted average)

Activity

End-borrowers' choice of economic activity is primarily determined by their socioeconomic status, gender, access to assets and entrepreneurial motivation. Typically, end-borrowers with a greater economic advantage have a higher degree of flexibility to enter sectors characterized as being asset-intensive, including transport and manufacturing. On the other hand, less advantaged end-borrowers will engage in sectors such as trading activities due to the reduced costs of initial investment, skills and time.[28]

28 CGAP (2022). No small business: A segmented approach to better Finance for Micro and Small Enterprises.

Of the loans provided through REGMIFA, 47% were used by borrowers involved in small trading activities, 28% in services, 9% in agriculture, 3% in production and 12% in other types of activities, including transportation, construction, housing, renewable energy, and consumption. In terms of volume allocated to each activity, this is influenced by the capital demands of each activity; activities such as production and services are more capital-intensive. For example, the average loan size for end-borrowers engaged in production activities is almost twice the size of a loan granted for the agriculture sector among REGMIFA's PLIs.

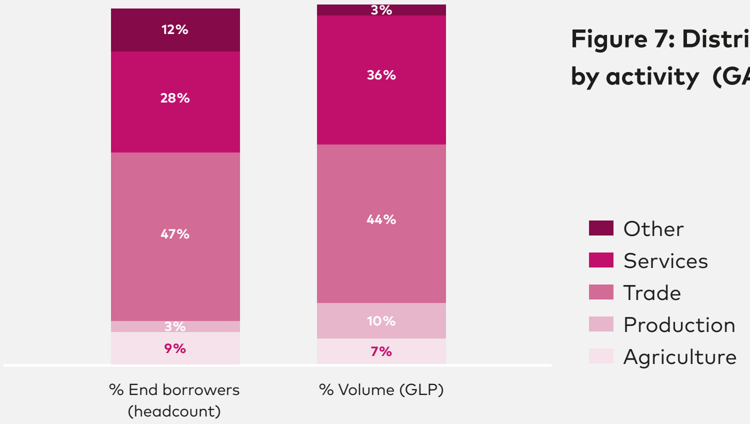


Figure 7: Distribution in number and volume by activity (GAV weighted average)

Product

Following its mission to provide funding and services to MSMEs in Sub-Saharan Africa, the PLIs financed by the fund are highly concentrated in providing MSME loans. Micro, small, and medium enterprises account for approximately 89% of all loans. Loans specifically designed for housing purposes make up about 1% of the total. The remaining 9% encompasses various other loan types, such as those tailored for large enterprises and consumer needs, among others. When looking at the proportion of volume allocated by each category, micro loans represent 55% of volume while SME loans 27%. This can be explained by the larger average loan size for SME loans (USD 13,694), compared to that of micro-loans (USD 831).

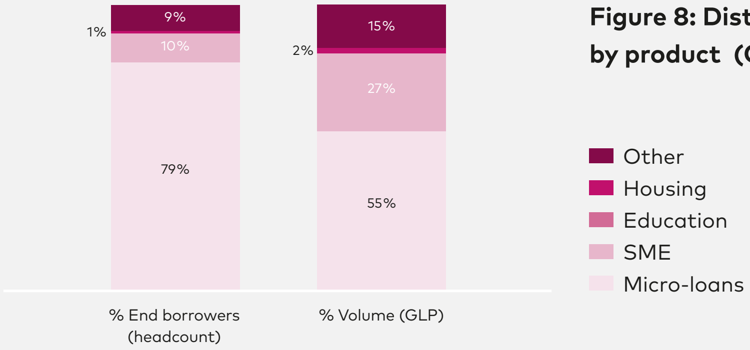


Figure 8: Distribution in number and volume by product (GAV weighted average)

2.4 OUTREACH TO INNOVATIVE SECTORS: FINTECH

In 2022, as part of its mandate, REGMIFA included two new fintech companies in its investment portfolio. Fintech companies are defined as organizations with innovative technology that have the potential to transform the provision of financial services.[29]

Companies offering digital solutions have the infrastructure to provide safe and reliable access to financial services promptly and easily in underserved communities and remote areas. Among the services provided by fintechs are digital remittances, mobile money, digital credit, pay-as-you-go solutions, and more.

In 2022, the fund made investments in three fintech companies: MFS Africa, Lulalend, and Zeepay.

Table 3: Fintech companies in REGMIFA's portfolio

Name of PLI	Description	Countries of operation
Lulalend	The company provides unsecured loans improving access to finance for SMEs and upper micro clients.	South Africa
MFS Africa	The company allows merchants, banks, mobile operators and money transfer companies to leverage easy-to-access mobile wallets as a safe, convenient and cost-effective transaction channel.	35+ African countries, with 83% of revenues derived from the top 5 countries: Cameroon, Benin, Uganda, Madagascar and DRC
Zeepay	The company is the largest remittance terminator and third largest mobile money player in the country.	Ghana (mostly)

29 International Monetary Fund and the World Bank (2018). The Bali Fintech Agenda – Chapeau Paper

Contribution to financial inclusion through technology: Zeepay

Zeepay is a fintech company headquartered in Accra, Ghana. Its mission is to connect digital assets by creating digital corridors and providing interoperability between different digital payment services. The founder of Zeepay had a vision to reach the bottom-of-the-pyramid through their products, thereby expanding financial services across Ghana. While the company operates in 13 markets across Africa, the majority of their remittance business, approximately 90%, is concentrated in Ghana. Zeepay holds the position of the largest remittance service provider and is the third-largest player in the mobile money sector within the country. As a mobile money provider, Zeepay offers a user-friendly and convenient way to send money to individuals and families within Ghana. Established in 2016, Zeepay initially focused on the UK-Ghana corridor, recognizing the significant African diaspora in the UK and aiming to bridge the gap between these communities. The company can provide low-cost remittance services to its clients by implementing a fixed transaction fee and a small markup in the exchange rate when currency exchange is involved.

3.
MANAGEMENT OF POTENTIAL ADVERSE IMPACTS

3.1 ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT:
As part of its strategic goal to create employment, generate income and alleviate poverty, the fund has predominantly targeted micro-enterprises by lending to microfinance institutions. However, for the following years, the Board and Investors of the fund agreed to expand REGMIFA's mandate to also serve SMEs. The fund will reach this new target group through financial intermediaries such as banks, leasing companies, factoring companies, fintech companies, financial holding companies and potentially investment funds.

The new focus on SME finance presents new challenges in terms of Environmental and Social (E&S) risk management and stronger sustainability requirements from investors, since risk is perceived to be higher for SME finance compared to microfinance. This revision in strategy called for an update of REGMIFA's E&S risk management approach to add more scrutiny of E&S risks. To ensure that the fund adheres to the Sustainability Guidelines of its investors as well as with the SFDR in daily operations, the investment manager has implemented a set of policies, procedures and tools which are in turn structured in an Environmental & Social Risk Management Framework. The framework applies to all transactions made by the fund.

To ensure a consistent application of E&S risk management across operations, the fund embeds the framework throughout the investment cycle which means that the investment manager commits to the following tasks:

- Screening a potential transaction for eligibility against the Exclusion List.
- Profiling a potential transaction on the E&S risk level triggered by the portfolio of the PLI.
- Defining mitigation measures to avoid or minimize E&S impacts to a risk level acceptable to the fund's standards and risk appetite.
- Considering the findings and recommendations from the E&S due diligence and ESG Rating as a key factor in the Investment Committee (IC)'s decision-making.
- If needed, agreeing on an E&S Action Plan with the PLI describing clear measures to mitigate the negative E&S impacts of its clients in portfolio.
- Monitoring the PLI's compliance with the REGMIFA's standards in general and the activities from the mutually agreed Action Plan (if any) in specific.
- Supporting PLIs with the continuous improvement of their E&S management if needed and as commensurate with the risk of the financed portfolio, through the provision of Technical Assistance.
- Reviewing the E&S management framework on a regular basis to reflect on learnings and changing risk levels and if needed revising accordingly. Disclosing relevant extracts of this E&S Risk Management Framework on its website to inform the stakeholders of the Fund.

ESG rating results

Updated ESG Risk rating methodology

In 2022, Symbiotics updated its ESG rating methodology to assess the sustainability of companies considering environmental and social (E&S) risks and how companies manage those risks. Through this new methodology, Symbiotics aims to evaluate and rank companies according to their direct and indirect exposure to E&S risks and practices towards such risks. Additionally, it will serve as a basis to comply with the requirements of the SFDR.

The new ESG Risk Rating incorporates the following features:

- An assessment of the risk of doing harm
- Alignment with mainstream ESG ratings
- 54 qualitative and quantitative indicators
- Evaluation of the company's exposure to ESG risks (direct and indirect)
- Profiling of the investees according to their E&S risk level

The ESG Risk Rating consists of nine dimensions classified in three categories:

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Energy and natural resources	Human capital	Values
Air, water and land	Customers	Transparency
Ecosystems and biodiversity	Communities	ESMS

As of today, Symbiotics is working on assessing all its investees with the new methodology. The updated methodology is currently being deployed and half of the PLIs in REGMIFA portfolio have been reassessed. The average score for REGMIFA'S PLIs is 76%.

In terms of client protection, this has been incorporated in the Customers dimension in the social category. Similar to the previous ESR rating,[30] the average score of the PLIs in this category is 73%.

Table 4. ESG rating scores for REGMIFA's PLIs

76%	73%	29 out of 53
ESG Score for REGMIFA's Portfolio (on a scale of 0-100%)	Customers dimension score (on a scale of 0-100%)	PLIs assessed by new methodology

30 The scores of REGMIFA's portfolio, as per the previous ESR rating, were as followed: Client protection : 71%; Community engagement: 61%; Environmental policy: 36%; Labor climate: 71%; Product quality: 53%; and Social governance: 63%.

Principal Adverse Impact Indicators (PAIs)[31]

As part of the disclosures required by the SFDR, REGMIFA also reports on the PAIs generated by its investments through standard indicators. PAIs are defined by the regulation as "the most significant negative impact of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters."

Climate and other environment-related indicators

REGMIFA estimates the GHG emissions of its portfolio by using the tools developed by the Joint Impact Model. It is worth noting that the Scope 3 emissions are also considering the emissions generated by the economic activities financed by the PLIs in the fund's portfolio. During this exercise, the fund observed that a high proportion of emissions stem from five investees because of the activity or the energy mix of the country of operations. For example, in South Africa one of the PLIs finances SMEs operating in public transportation, which rely heavily on petroleum.

In terms of the exposure to fossil fuels, the fund does not directly invest in companies active in the fossil fuel sector. However, there is some indirect exposure through investments in PLIs that have exposure to fossil fuel sectors.

As of today, the fund has not yet set quantitative targets to improve the PAIs after only one year of reporting. It is expected that the number of reported PAIs and coverage rate of institutions will continue to increase over the years.

Table 5: Climate and other environment-related indicators

Adverse sustainability indicator	Metric	2022	Coverage rate[32]
1. GHG emissions	Scope 1 GHG emissions	751.9	61%
	Scope 2 GHG emissions	255.7	61%
	Scope 3 GHG emissions	88,466.4	61%
	Total GHG emissions	89,474	61%
2. Carbon footprint	Carbon footprint in tCO2e/M USD	1,023.7 (USD)	61%
3. GHG intensity of investee companies	GHG intensity of investee companies in tCO2e/USD of revenue	0.007 (USD)	61%
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	2.1%	62%
5. Share of non-renewable energy consumption and production[33]	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources, expressed as a percentage of total energy sources	60.5%	100%

31 Even more detailed notes are found in the PAI statement of the Fund, available on the website of the Fund.
32 The coverage rate of each indicator is reported in the table, in share of the Sustainable Investments (as a weighted average of quarterly GAV). The rate indicates the share of investments for which data is available. Non Sustainable Investments are not considered given data is not applicable to their nature (e.g. cash, money market instruments.
33 For PAI 5, the ratio reported the PAI statement of the Fund which is included in the financial statements uses a different formula (non-renewable energy sources / renewable energy sources) whereas the ratio used here is non-renewable energy sources / total energy sources.

Adverse sustainability indicator	Metric	2022	Coverage rate
Additional climate and other environmental-related indicator			
4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	100%	48%

Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

As part of the ESG assessment conducted during the due diligence process, the fund integrates the fundamental pillars of the UN Global Compact (UNGC) and OECD guidelines. This assessment notably provides an opinion on the following three procedures:

- Grievance mechanism for employees
- Customer complaints and insurance claims
- Complaints' mechanism in place for people living in places where the company operates, for investees involved in project finance

When looking at indicator 11 in table 6, this 5.3% includes investees where at least one of the three procedures is lacking. In cases where complaints mechanisms have not been implemented in PLIs, the fund maintains ongoing engagement with the investee through action plans. Additionally, it also provides Technical Assistance Programs and/or E&S Action Plans to help PLIs improve these processes.

In terms of indicators 12 and 14 below, data is directly collected from investees. The fund collects data on the average annual compensation of employees disaggregated by gender to calculate indicator 12. The fund uses data on the number of female board members and male board members, as reported by the institution to report the board gender diversity.

Table 6: Indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator	Metric	2022	Coverage rate[34]
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	5.3%	48%
12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	13.2%	33%
13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	23.5%	69%
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	100%
Additional social and employee, respect for human rights, anti-corruption and anti-bribery matters indicator			
5. Lack of grievance/ complaints handling mechanism related to employee matters	Share of investments in investee companies without any grievance/complaints	0%	48%

34 The coverage rate of each indicator is reported in the table, in share of the Sustainable Investments(as a weighted average of quarterly GAV). The rate indicates the share of investments for which data is available. Non Sustainable Investments are not considered given data is not applicable to their nature (e.g. cash, money market instruments).

Complimentary indicators reported by the fund

Due to the difficulty in collecting data from investees that do not operate in the EU, REGMIFA cannot provide the specific indicator requested by SFDR for PAIs 6, 8 and 9. However, the fund reports complimentary indicators to provide information on its exposure to the specific risks evaluated by PAI 6, 8 and 9: it provides its indirect exposure to high impact climate sectors through investments in PLIs that have exposure to such sectors.[35] It also reports its indirect exposure to sectors likely to generate significant amount of hazardous waste or likely to generate intensive emissions to water,. A note however, that PLIs in REGMIFA's portfolio operate in the financial sector and are not classified as a "high-impact climate sector" or "sectors with intensive emissions to water".

Table 7: Complimentary indicators reported by the fund

Adverse sustainability indicator	Metric	2022	Coverage rate[36]
Indirect exposure to high impact climate sectors[37]	Share of the investee's portfolio in high impact climate sectors	13.8%	62%
Indirect exposure to sectors with intensive emissions to water[38]	Share of the investee's portfolio in sectors with intensive emissions to water	4.3%	66%
Indirect exposure to sectors which generate significant amounts of hazardous waste and/or with high risk of site contamination[39]	Share of the investee's portfolio in sectors which generate significant amounts of hazardous waste and/or with high risk of site contamination	1.6%	66%

3.2 CLIENT PROTECTION

3.2.1 POLICIES AND PROCEDURES

The Client Protection Framework came into force in June 2022. The framework was created to further address the risks resulting from the vulnerable economic position of most micro entrepreneurs or low-income households, coupled with the often underdeveloped customer protection regulations in Sub-Saharan Africa, one of the key risks in the roll out of this strategy is the risk that the PLIs adopt practices, especially in their lending activity, that are not in the best interest of their clients, i.e., with characteristics, conditions or processes that expose the customer to excessive risks, among which is over-indebtedness.

35 The Fund uses the list of high impact sectors defined by the regulation (agriculture, forestry and fishing, mining and quarrying, manufacturing, electricity, gas, steam and air conditioning supply, water supply; sewerage, waste management, and remediation activities, construction, wholesale and retail trade; repair of motor vehicles and motorcycles transportation and storage real estate activities). The approach chosen is a weighted one: for a USD 1M Invested in a Financial Institution that has a 10% exposure to High Impact Climate sectors in its portfolio, only USD 0.1M will be counted in the "share of investments in high impact climate sectors".

36 The coverage rate of each indicator is reported in the table, in share of the Sustainable Investments(as a weighted average of quarterly GAV). The rate indicates the share of investments for which data is available. Non Sustainable Investments are not considered given data is not applicable to their nature (e.g. cash, money market instruments).

37 Refers to PAI 6

38 Refers to PAI 8

39 Refers to PAI 9

The scope of the Client Protection Policy extends to all transactions under the fund and it requires PLIs to achieve compliance with the legal and regulatory consumer protection norms that are applicable in the jurisdictions where they operate. In addition to the regulations of national jurisdictions and applicable international conventions, the fund applies the Client Protection Standards promoted by the Social Performance Task Force as a best practice to its transactions.

In case of discrepancy between the national legal framework and these international standards, the institution shall apply the stricter of the two standards.

Requirements

To manage the potential negative impacts for the customers of the PLIs of the indirect financing that REGMIFA does, the fund requires a PLI to commit to implementing responsible practices as described in the Client Protection Standards as promoted by the Social Performance Task Force and notably to implement the following standards in its policies, procedures and practices:

1. Appropriate Product Design and Delivery
2. Prevention of Over-Indebtedness
3. Transparency
4. Responsible Pricing
5. Fair and Respectful Treatment of Clients
6. Privacy of Client data
7. Mechanisms for Complaints Resolutions
8. Governance and HR

The PLIs are asked to formalize this commitment to implement client protection standards by registering the required information on the website of the Social Performance Task Force within six months of any new PLI investment at most.

Compliance

It is expected that not every PLI will comply with these standards at the time a transaction closes. In cases where this non-compliance is deemed to present a risk for the end-borrowers, the fund and the portfolio company will agree on corrective measures (action plan) to bring the PLI into compliance with the most critical standards within an achievable timeframe, which will be documented in the investment memo and the loan agreements. It should be noted that REGMIFA takes a realistic approach and requires PLIs to improve Client Protection practices through means that are appropriate to the nature and scale of their operations, adapted to the level of development of the local regulations on customer protection and commensurate with the risk for end-borrowers associated with their operations. REGMIFA also has Technical Assistance resources available to help PLIs build the capacity and structures, if needed, to comply with the Fund’s requirements.

Application

REGMIFA applies a risk-based Client Protection approach which means it enhances the resources it deploys to assess and mitigate a transaction's Client Protection risk when the potential Client Protection risks are higher. To ensure a consistent application of Client Protection standards across operations, the Fund embeds it throughout the investment cycle which means that the IM commits to the following tasks:

- Providing information on the Client Protection risk level generated by the PLI's product range and characteristics.
- Defining mitigation measures to avoid or minimize negative impacts for the customers of the PLI to a risk level acceptable to the Fund's standards and risk appetite.
- Considering the findings and recommendations from the Client Protection due diligence as a key factor in the Investment Committee's decision-making.
- For transactions with Medium or Elevated CP risk as further described, agreeing on an Action Plan with the PLI describing clear measures and time frame to mitigate the potential negative impacts of the services of the PLI on its customers.
- Ensuring on a regular basis (during the periodic reviews or through the periodic reporting) the PLI's compliance with REGMIFA's standards in general and the activities from the mutually agreed Action Plan (if any) in specific.
- Supporting PLIs with the continuous improvement of their Client Protection practices if needed and as commensurate with the risk of the PLIs, through the provision of Technical Assistance.

3.2.3 CLIENT PROTECTION PATHWAY: CURRENT STATUS

As of today, the new Client Protection Pathway promoted by Cerise+SPTF consists of three steps, with the first step requiring the institution's commitment to implement client protection. The second step involves a self-assessment conducted by the institution on its policies and practices followed by improvement on identified shortcomings. Finally, financial institutions can attain a certification that is determined by their compliance with the Client Protection Standards. Depending on the level of compliance, institutions can reach three levels: gold, silver or bronze. Gold is the highest level, requiring institutions to comply with more than 95% of total indicators.

Currently, there are no PLIs certified under the Client Protection Pathway. In 2021, SEF SA was listed as certified as "Gold", but the validity of the certification expired in 2021. However, some of the PLIs are listed as committed institutions to implement client protection. Committed institutions are financial service providers that have signed the commitment statement: "Our organization has reviewed the Client Protection Standards, and we commit to using them to improve our practice over time."

Of all the PLIs in REGMIFA's portfolio, eight are listed as "active" and three as "pending" meaning they have submitted the documentation to become a committed institution. Among the tools used to conduct their evaluation, PLIs are using the SPI4 and the CP-Self Assessment tool.

3.3 ENGAGEMENT

As part of both the E&S framework and Client Protection framework, PLIs that are not fully compliant to REGMIFA's policy are subject to corrective measures, described in an E&S Action Plan. REGMIFA and the PLI agree on an action plan that will allow the PLI to comply with the most critical standards within a specified and realistic timeframe.

In 2022, 37 action plans items were agreed upon between REGMIFA and 16 PLIs. Of those, eight were related to client protection and 29 to E&S risk management.

The third and final edition of the Technical Assistance Package on Crisis Impact Mitigation (TAP CIM3) focusing on Environmental and Social Performance Management (ESPM) was launched in Q4 2022. The TAP valued at EUR 348,000 and funded by REGMIFA is supporting 10 investees in building their capacity in ESPM. TAP CIM3 revisits the recently updated Universal Standards of Social and Environmental Performance (USSEPM) - which now includes the environmental dimension and digital financial services - for REGMIFA investees. At the end of 2022, the TAFM selected CERISE+SPTF in consortium with Microfinanza Rating as the implementing consultant for the TAP ESPM. The program kicked off with an awareness-raising session hosted by the TAFM and co-facilitated by the consortium for category C/C+ REGMIFA Investees.

4. POSITIVE IMPACTS

The fund actively contributes to the United Nations Sustainable Development Goals by pursuing its Sustainable Investment Objectives. To monitor this contribution, each transaction is classified based on defined attributes and main SDG it can contribute to. The fund mainly contributes to SDGs 1, 5 and 8, due to PLIs' portfolio concentration in MSMEs in Sub-Saharan Africa. However, through a handful of institutions and participation in Green Bonds, the fund also contributes to SDGs 2, 7, 10 and 11. The following section will provide insights on how the fund contributes to these goals.

4.1 SDG PORTFOLIO ALLOCATION[40]

Table 8. SDG portfolio allocation

SDGs	Portfolio Allocation to SDG, in % of total assets
1 NO POVERTY	24.6%
2 ZERO HUNGER	6.7%
5 GENDER EQUALITY	6.3%
7 AFFORDABLE AND CLEAN ENERGY	3.2%

SDGs	Portfolio Allocation to SDG, in % of total assets
8 DECENT WORK AND ECONOMIC GROWTH	27.8%
10 REDUCED INEQUALITIES	1.4%
11 SUSTAINABLE CITIES AND COMMUNITIES	4.3%

40 The share of socially sustainable investments is calculated as the weighted average portfolio composition at the end of each quarter. The sum of the portfolio allocation to SDGs is 74.2%, the rest (25.8%) is considered as a non-sustainable investment. This proportion includes cash, and hedging instruments, as well as other assets. The assets that are not invested in "Sustainable investments" are either cash used for liquidity management purpose or cash that is not yet invested during ramp-up phases of the Fund.

Contribution of the fund to the SDGs

SDG 1: No poverty

In 2022, the PLIs in REGMIFA's portfolio financed 3.4 million micro entrepreneurs in SSA. Considering the exposure of the fund in each PLI, the fund was able to reach 98,000 end-borrowers. Throughout 2022, 21 institutions were classified as contributing to SDG 1, mainly due to their high exposure to micro enterprises.

While the proportion of the PLIs' portfolio allocated to micro loans is 55%, the institutions can reach a larger number of end-borrowers due to the smaller loan sizes. The average loan size for micro loans is USD 831.

Relevant outreach and sustainability indicators [41]		
USD 831 median average micro enterprise loan	**21** PLIs mainly contribute to SDG	**55%** of total PLI volume allocated to micro loans

OUTREACH	Financed by investees	per 1 M USD invested	Funds' contribution
Number of end-borrowers reached with micro loans	3.4 M	511	98,000

SDG 5: Gender equality

The fund contributes to SDG 5 by investing in institutions that continuously work to facilitate access to finance for women and empower them through financial products and services tailor made for them. On average, 35% of end-borrowers served by the fund were women and it achieved this through 7 PLIs that are women-focused. One example of these type of institutions is the Phakamani Foundation, the institution has as mission to help South African women lift themselves out of poverty. The institution supports women micro entrepreneurs through micro loans and targeted financial literacy trainings.

41 The metrics provided are all calculated as the weighted average of each specific indicator based on the portfolio composition at end of each quarter of the reporting period. The four quarterly figures are then averaged to calculate the annual figure.
Total outreach of the investees financed by the Fund: this indicator represents the number of end-borrowers reached by the investee for each category of product that is considered as contributing to the SIOs of the Fund, and/or more broadly to the mission of the Sub-Fund.
Fund contribution: this indicator estimates the contribution of the Fund to the outreach of its investees. It represents the number of end-borrowers of this category divided by the total gross loan portfolio of the investee and multiplied by the amount of the loan.
Outreach per 1 M USD invested: this indicator measures the investors' contribution to the activity of the Fund's, while investing 1M USD into it. It approximates the contribution of each million US Dollar on each of the categories of products offered by the investees of the Fund.

A second aspect monitored by the fund in terms of women's empowerment is related to the PLIs' internal activities. All PLIs are required to report specific indicators concerning gender equality in the workplace. They provide data on indicators such as the proportion of women employees, average salary and proportion of women in management. Almost half of the employees hired by the PLIs are women and one out of three top management positions are held by women. When looking at the average salaries by men and women, we can observe than on average the gender pay gap is 13%. This means that for every dollar a male employee makes, a female employee is making approximately 87 cents. This is lower than the gender pay gap in Sub-Saharan Africa which is 30% (globally, it is 24%).[42]

Relevant outreach and sustainability indicators		
USD 901 median average loan size for women	**7** PLIs mainly contribute to this SDG	**23%** of total PLI volume allocated to loans for women
48% of women employees	**13%** gender pay gap	**32%** of women in management

OUTREACH	Financed by investees	per 1 M USD invested	Funds' contribution
Number of women borrowers reached	2.4 M	399	76,000

42 The World Bank DataBank. (n.d.). World Development Indicators. Retrieved from: http://databank.worldbank.org/data/source/world-development-indicators

SDG 8: Decent work and economic growth

As part of its new strategy, REGMIFA is aiming to grow its exposure to PLIs that provide finance to SMEs. Lack of access to finance is one of the main impediments for SMEs' growth. Providing adequate financial products and services can boost their capability to foster job creation and entrepreneurship considering SMEs are a major contributor to employment in developing and emerging markets.[43] They fulfil this role by hiring mostly local and low-skilled labor ultimately supporting low-income households achieve sustainable means of living and offer a viable alternative to unemployment.[44] The fund provided loans for almost 3,000 SMEs in 2022 which contributed to more than 20,000 jobs in developing countries. Almost a third of total volume financed by PLIs went to SMEs with an average loan size of USD 13,694.

The Technical Assistance Package – SME Finance 1st edition (TAP SME1) funded by KfW-BMZ kicked off in Q2 of 2022. The TAP SME1 which is valued at EUR 577,000, aims to enhance the capabilities of six REGMIFA investees in Compact with Africa (CwA) to support and serve SMEs. At the end of 2022, the project was ongoing with three investees (Baobab Burkina Faso, Baobab Senegal and ACEP Burkina Faso) and in the process of signing the TA agreements with COFINA Senegal. The TAFM had identified a range of TA topics to support the investees under the program including Risk Management, Digital Transformation and Performance Management.

Relevant outreach and sustainability indicators		
USD 14,000 median average SME loan	**10** PLIs mainly contribute to this SDG	**27%** of total volume in SME loans

OUTREACH	Financed by investees	per 1 M USD invested	Funds' contribution
Number of end-borrowers reached with SME loans	60,000	13	3,000
Estimated job creation for SME[45]	540,000	120	23,000

43 International Labour Organization (2019). Small matters: Global evidence on the contribution to employment by the self-employed, micro-enterprises and SMEs.
44 CGAP (2022). No small business: A segmented approach to better Finance for Micro and Small Enterprises.
45 To calculate this estimate, we assume that each SME employs nine workers.

Contribution to other SDGs

REGMIFA also contributes to other SDGs, while supporting its overall mission. The fund contributed to SDGs 2 (Zero hunger), 7 (Affordable and clean energy), 10 (Reduced inequalities), and 11 (Sustainable cities and communities) through its investment in PLIs that provide a specific product or service that support the attainment of these goals. For example, REGMIFA financed Babban Gona Farmer Services, an institution in Nigeria that offers financial and technical services to smallholder farmers. The institution's business model is to provide loans together with training and education programs that allows smallholder farmers to develop a commercial perspective in farming as well as to adopt better agricultural practices. Through its investment in institutions like Babban Gona, REGMIFA contributed to SDG 2.

A second example is Greenlight Planet (GLP), a company that provides solar panels adapted to the needs of low-income households. The business model of the company is to design, distribute, install and finance solar home energy products and provide reliable energy access. Through a pay-as-you go model, low-income households can have access to solar energy products. Through its investment in GLP, the fund reached more than 110,000 people in Sub-Saharan Africa and contributed to SDG 7.

SDGs and relevant outreach and sustainability indicators

The fund contributed to SDG Target 2.3:
"By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment."

And Target 2.4:
"By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality."

7% of total volume for agricultural activity	**4** PLIs mainly contribute to this SDG

OUTREACH	Financed by investees	per 1 M USD invested	Funds' contribution
# of end borrowers reached with a loan for agricultural activity	345,000	113	22,000

The Fund contributed to Target 7.1:
"By 2030, ensure universal access to affordable, reliable and modern energy services.", while investing in Investees whose loans finance in majority access to clean energy to low-income households or in companies active in the sustainable energy space in emerging markets.

1 PLI mainly contributes to this SDG

OUTREACH	Financed by investees	per 1 M USD invested	Funds' contribution
# of end-borrowers reached with renewable energy supply loans	2M	584	112,000

The Fund contributed to Target 10.c:
"By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent", while investing in companies that are allowing for remittances transaction costs of approximately 4% (vs. global average of 7% in Dec-20).

1.4% % total of assets (GAV) allocated to SDG 10	1 PLI mainly contributes to this SDG

The Fund contributed to Target 11.2:
"By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.", while investing, usually through Green, Social and Sustainability Bonds, in a majority of assets that are either green buildings, affordable housing, public transportation systems, green vehicles or while directly financing a company that is active in one of these sectors.

1 number of PLIs

OUTREACH	Financed by investees	per 1 M USD invested	Funds' contribution
# of end-borrowers reached with housing loans	23,000	4	836

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