EASTERN AND SOUTHERN AFRICAN
TRADE & DEVELOPMENT BANK

BANQUE DE COMMERCE ET DE DÉVELOPPEMENT
DE L'AFRIQUE DE L'EST ET AUSTRALE

THE 2019 **SUSTAINABILITY** REPORT

TDB
TRADE & DEVELOPMENT BANK

35 ANNIVERSARY YEARS

INTEGRATING & ADVANCING THE REGION
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OUR PERFORMANCE

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TO GET A COMPLETE OVERVIEW

OF **TDB'S FINANCIAL EVOLUTION**

FROM 1985 TO 2019

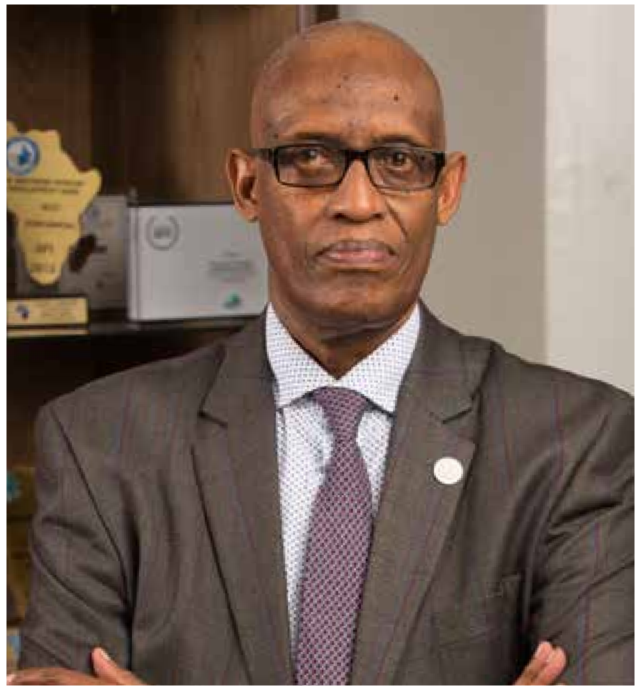
OUR FINANCIAL PERFORMANCE
1985-2020


LIKE THE VIBRANT WILDEBEEST,
WE DEFTLY NAVIGATE THE SAVANNAH -
WEATHERING ELEMENTS & SYNERGIZING
WITH OUR ECOSYSTEM TO GROW
IN LEAPS AND BOUNDS
THE **TRADE & DEVELOPMENT BANK** INFUSES A
WORLD-CLASS BLEND OF FINANCING & SUSTAINABILITY
AS WE INTERMEDIATE REGIONAL &D GLOBAL CAPITAL
INTO THE EASTERN & SOUTHERN AFRICAN REGION.*
TDB
TRADE & DEVELOPMENT BANK
35 ANNIVERSARY YEARS
INTEGRATING & ADVANCING
THE REGION | WWW.TDBGROUP.ORG

ESTABLISHED IN 1985, THE EASTERN AND SOUTHERN AFRICAN **TRADE & DEVELOPMENT BANK** IS A MULTILATERAL, TREATY-BASED DEVELOPMENT FINANCE INSTITUTION THAT HAD A PORTFOLIO OF USD 6.69 BILLION AS AT 31 DECEMBER 2019

TDB TRADE & DEVELOPMENT BANK · 35 ANNIVERSARY YEARS

MESSAGE FROM THE **BOARD CHAIRMAN**



As we celebrate 35 years of working in eastern and southern Africa, I can think of no better opportunity to share the yet-to-be-told story of our contribution to sustainable development in the region. Our name, the Eastern and Southern African Trade & Development encapsulates our mandate and focus. As a development finance institution, we are committed to the global consensus for a sustainable future and to ensure that our operations are financially, socially and environmentally responsible. Interpretively, we take great pride in generating healthy financial returns, while minimizing the environmental and social risks and maximizing the environmental and social benefits to the region we serve.

Our sustainable development impact is perfectly aligned with our Charter and is driven by the regional aspirations outlined in Agenda 2063 and global commitments around the United Nation's Sustainable Development Goals (SDGs) and Paris Climate Change Agreement. Whilst this is our first Sustainability Report, the activities of the Bank's first 35-year period have been informed by a dual development and sustainability agenda. Hence, this publication will demonstrate the embeddedness of sustainability in our operations; essentially, how the capital we mobilize from shareholders and stakeholders improves the socio-economy and environment of our Member States.

In reporting our development impact, we affirm a commitment to a more sustainable world for the next generation. Going forward, the Annual Report will contain our financial performance while our Sustainability Report will document how we further socio-economic development.
This inaugural Report comprises a revised sustainability framework and guides to accurately assess and report on our development impact. We also highlight case studies and present a broader picture of some clients' operational impact on the broader communities within which they operate.

On behalf of the Board of Directors, I extend our sincere gratitude to all internal and external stakeholders that brought this document to fruition. We pledge to continue finding innovative ways to generate both maximum developmental impact as well as the triple bottom line – profit, people and planet.

As we prepare ourselves for the next 35 years, we further dedicate ourselves and each other to our vision, mission and specially to integrating and advancing the region.

Mr. Juste Rwamabuga
Chairman, Board of Directors

MANDATE

TO FINANCE AND FOSTER TRADE, REGIONAL ECONOMIC INTEGRATION AND SUSTAINABLE DEVELOPMENT, THROUGH TRADE FINANCE, PROJECT AND INFRASTRUCTURE FINANCE, ASSET MANAGEMENT, AND BUSINESS ADVISORY SERVICES.

VISION

TO BE A WORLD-CLASS AFRICAN DEVELOPMENT FINANCE INSTITUTION ADVANCING THE ECONOMIC DEVELOPMENT, INTEGRATION, AND PROSPERITY OF THE REGION.

TDB
TRADE & DEVELOPMENT BANK

35 ANNIVERSARY YEARS

MESSAGE FROM THE **PRESIDENT**

In a world marked by growing income inequality and the negative effects of climate change, financial institutions such as ourselves make concerted efforts to ensure that our activities have a sustainable development impact. To this end, we have taken a more deliberate approach to ensure the sustainability of our operations – balancing the generation of healthy financial returns with the mitigation of environmental and social risks, on the one hand, and the maximization of environmental and social benefits, on the other. We have implemented a comprehensive enterprise risk management system that helps us achieve profitability and growth, while maintaining social and environmental protection.

TDB has experienced significant success in the last decade, with our total assets increasing from USD 826 million in 2009 to USD 6.69 billion in 2019. As our portfolio has grown, so has our development impact. I am proud to say that for the past 10 years, our projects contributed first to Millennium Development Goals (MDGs) and continue to contribute to the UN's 17 SDGs. However, the growth of our portfolio is not just about putting numbers on the board. Those numbers represent our capacity to assist Member States in importing vital economic inputs, or our innovativeness in undertaking Africa's first DFI blockchain transaction.

In 2019, more than half our portfolio comprised loans for projects and transactions that contributed directly to the achievement of the Sustainable Development Goals. TDB is also a key player in financing climate change solutions in the region – 72% of our gross financial intervention in the energy sector now relates to zero-carbon energy sources, such as wind, hydro, and geothermal power.

In addition, the sovereign lending component of our portfolio has grown substantially, reaching USD 3.7 billion in 2019. This sovereign lending is utilized for development projects that provide access to infrastructure with the aim of improving the quality of life of all people in our Member States. Whether through our project and infrastructure finance, trade finance or sovereign lending, our transactions have a tangible impact on the economies of our Member States and our clients, while continuing to protect "people and planet".

In this, our first Sustainability Report, we tell the stories of how some of our projects and transactions have contributed to a more sustainable future for our Member States. We show the tangible development impact of our financing and the socio-economic and environmental benefits it brings to clients, communities, countries, and regional economic community. We also provide an insight into how our clients, in turn, promote sustainability in their own activities.

The preparation of this Report was made possible through a series of internal initiatives to operationalize our commitment to sustainable development. We have instituted a robust enterprise risk management system and are also implementing an environmental and social management system and a new corporate social responsibility policy. We have developed a sustainability framework to focus and monitor our development impact. This entails a theory of change, which describes how our activities intentionally seek to generate development outcomes.

We have mapped our operations to the Sustainable Development Goals and identified specific sustainable development outcomes. We have also introduced the TDB Academy, which provides training for our staff in topics including Climate Change Risks and Opportunities for the Finance Sector, thereby strengthening our internal capacity while giving our employees the opportunity to grow. At the end of 2019, we introduced a new sustainable development impact monitoring system, which allows us to better identify, measure and report on how we achieve development impact and allows us to tell our compelling development impact story.

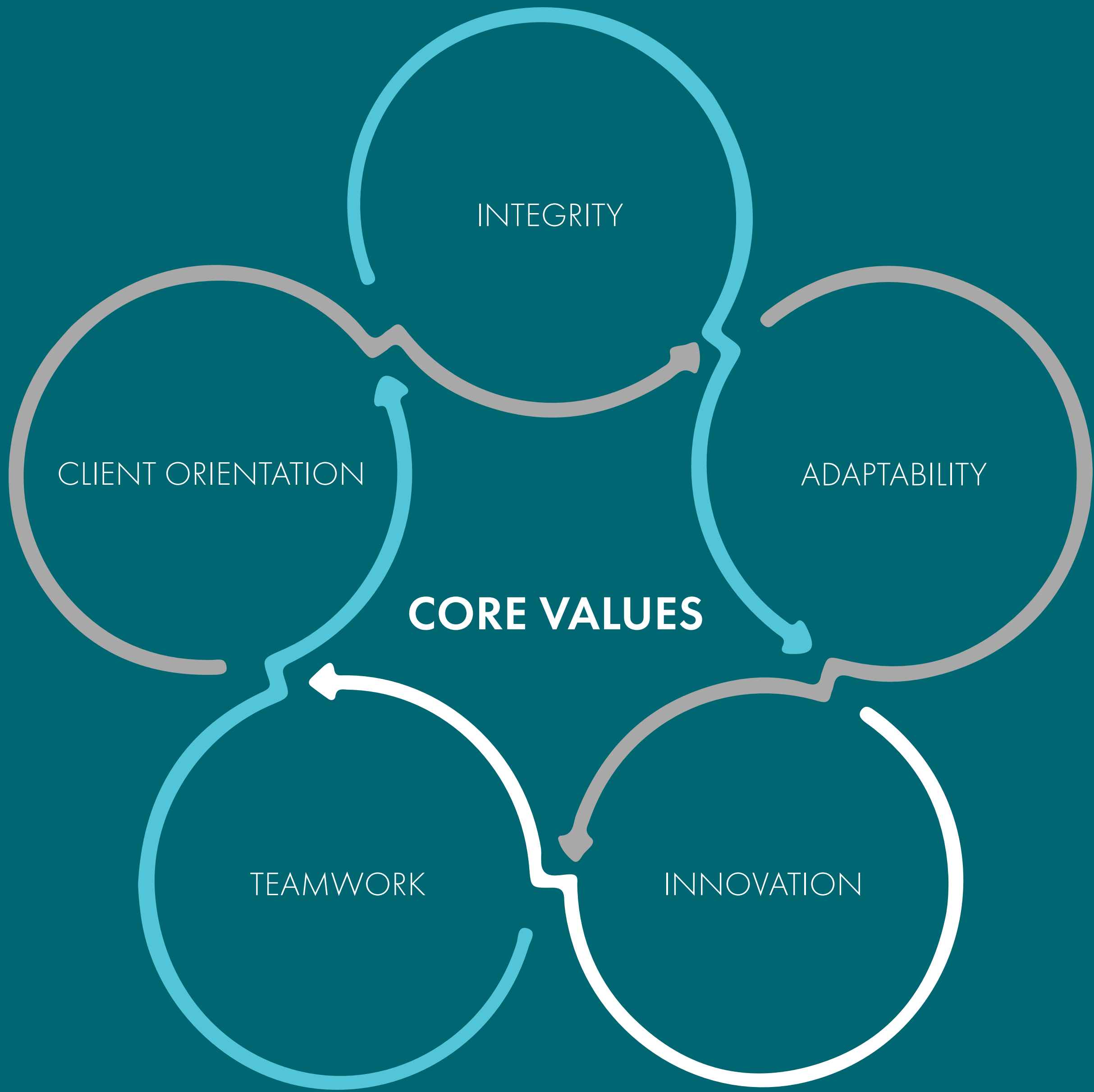
Admassu Y. Tadesse
President & Chief Executive

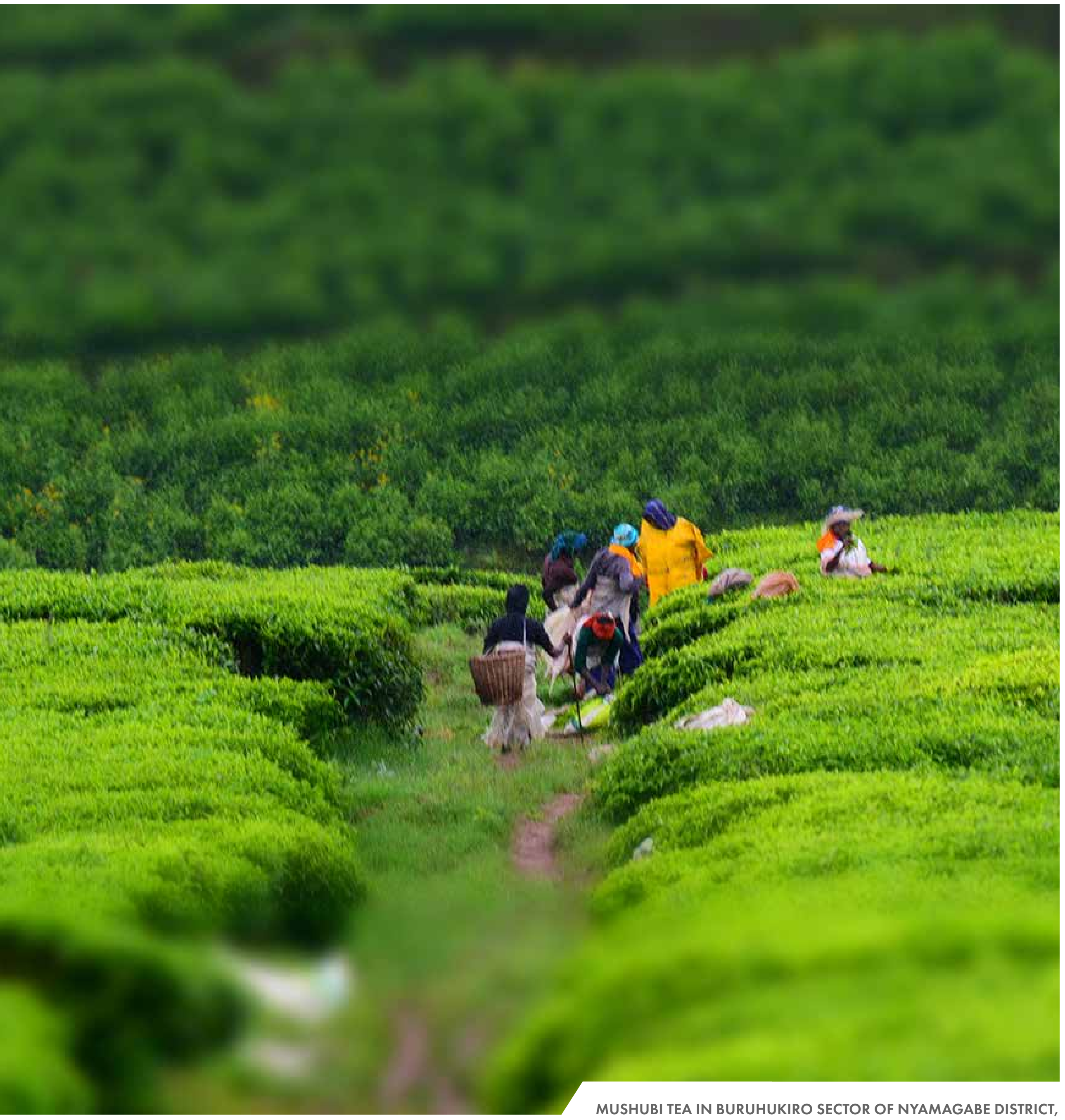
STRATEGIC GOAL FOR FYCORP VI (2018 - 2022)

A SOUND FINANCIAL INSTITUTION INTERMEDIATING GLOBAL AND REGIONAL CAPITAL INTO THE REGION

TDB TRADE & DEVELOPMENT BANK

35 YEARS ANNIVERSARY





MUSHUBI TEA IN BURUHUKIRO SECTOR OF NYAMAGABE DISTRICT, SOUTHERN PROVINCE, RWANDA | IMAGE COURTESY OF TDB

1. OUR **SUSTAINABILITY FRAMEWORK**

Development finance institutions such as the Trade & Development Bank face growing demands from stakeholders and potential partners for a tangible demonstration of their economic, environmental and social impacts. Our intention is to generate both a sound financial return and a sustainable development return. To achieve this, we started a process to operationalize our commitment to sustainable development. This has been translated into the "triple bottom line" – a framework that examines the Bank's social, environmental, and economic impacts. To a development finance institution, a sustainability perspective means balancing three imperatives: generating healthy financial returns by meeting unmet market needs, while minimizing environmental and social risks and maximizing environmental and social benefits.

Over the past 35 years, TDB has been committed to ensuring that our interventions have a measurable development impact and are sustainable in financial, environmental and social terms. The implicit underlying driver of our sustainable development impact is our operational ethos of integrating and advancing the region.

TDB formally committed to sustainability principles in 2015, aligning ourselves with international initiatives on sustainable development and climate change, including the United Nations' Sustainable Development Goals (SDGs), the 2015 Paris Agreement on Climate Change, and the African Union's Agenda 2063.

TDB'S STRATEGIC FOCUS SUPPORTS:

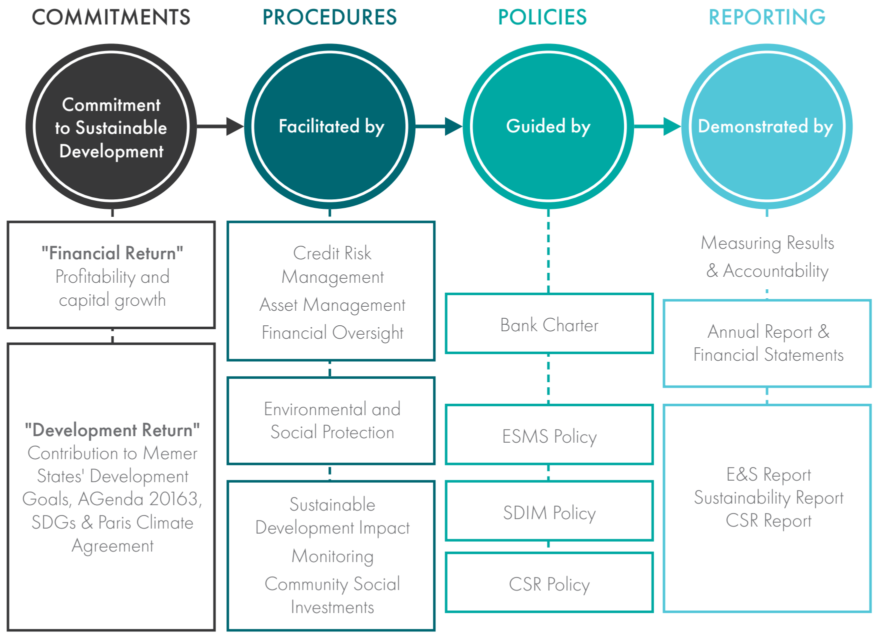
- Member States in progressing towards their SDG targets;
- Creation of 'Africa we want', as defined in Agenda 2063;
- Implementation of the Paris Declaration on Climate Change.

The environmental and social management system (ESMS) is fully integrated end-to-end in our credit cycle process and so is our policy on corporate social responsibility (CSR). As our Annual Report, 2019 states, we:

- Identified the internal/extern-al drivers of our commitment to sustainable development impact;
- Mapped our activities against SDG targets to identify those most relevant to our work, which we could monitor and report on;
- Additionally, mapped our activities to identify defined development outcomes that better articulate our development impact story;
- We developed tools and processes to integrate the impact monitoring system throughout our operations, identifying indicators that best demonstrate how we achieve our development outcomes;
- We identified and committed to filling gaps in our ESMS.

The overall result of that exercise had two aspects: the TDB Sustainability Framework in Figure 1, and the TDB Theory of Change in Figure 2. The two aspects – framework and theory of change – are underpinned by our stated commitment to sustainable development, the internal and external drivers of our development impact, policies and procedures, and an impact monitoring and reporting system.

Figure 1: TDB's Sustainability Framework



Our sustainability framework is guided by three policies – the ESMS, CSR, and the sustainable development impact monitoring (SDIMS) system – each of which is implemented through documented procedures. For instance, the internal procedures of our bank-wide enterprise risk management system ensures that state our operations are driven by the triple bottom line. By identifying the financial, environmental and social risks of every potential initiative, we make financing decisions in favour of commercially viable projects that improve environmental and social conditions. We also ensure that, where necessary, mitigating actions are taken to prevent harm to "people and planet":

- The ESMS is instrumental in analyzing, controlling and mitigating environmental and social risks. Its secondary role is to assist us in optimizing the benefits of our financing operations;
- The CSR policy guides the Bank in undertaking non-commercial operations to address the wider needs of people in the region;
- We introduced the final component – the sustainable development impact monitoring system – at the end of 2019; and it has supported the preparation of this Sustainability Report.

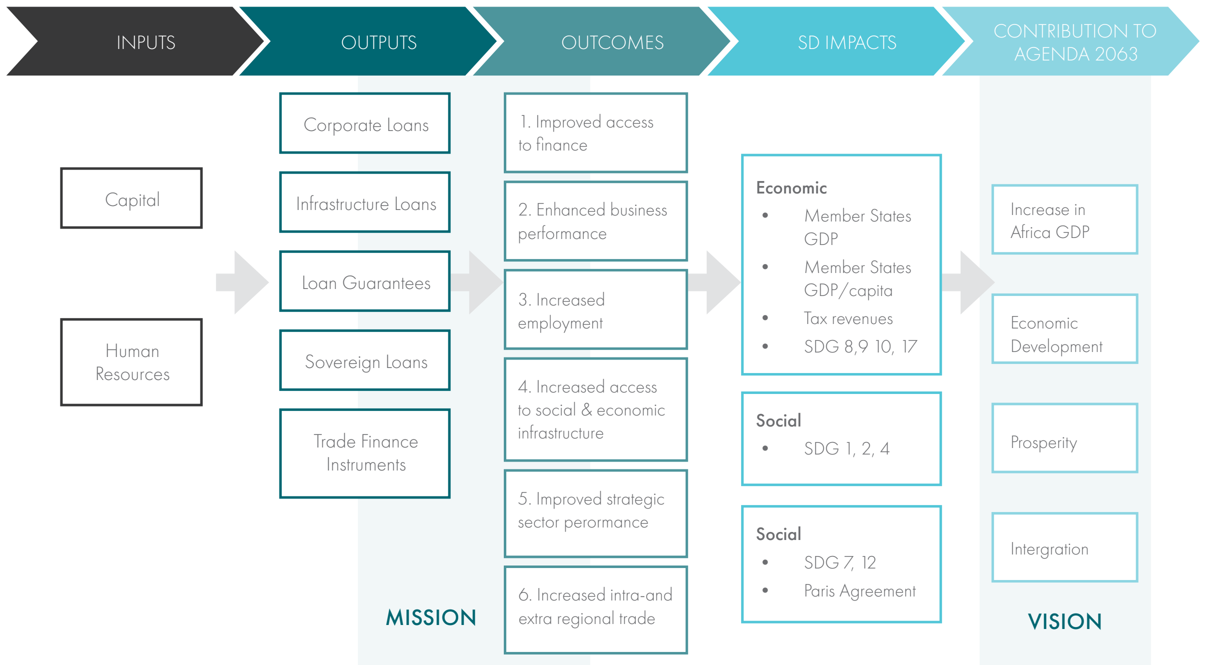
The Trade & Development Bank has a mechanism for identifying and categorizing the impacts of our investments both at the time of investment and throughout the financing cycle. We systematically track, analyse and report on these impacts to ensure that our investments achieve the impacts that were expected at the time of appraisal and throughout the implementation of the underlying projects.

As displayed in Figure 2, our sustainable development impact is defined by TDB's Theory of Change. An organization's theory of change sets out a cause-and-effect relationship between its operations and its anticipated effects. TDB's theory of change underpins our sustainable development impact monitoring system and guided our selection of indicators for tracking.

Our Charter, Corporate Strategy, mission and vision are the internal drivers of our development impact, while the African Union's Agenda 2063, the UN's SDGs and the Paris Agreement on Climate Change are the external drivers.

TDB's theory of change incorporates inputs, outputs, outcomes, impact and our overall contribution to our Member States' development goals, Agenda 2063, the SDGs or the Paris Agreement on Climate Change. Inputs are the capital and human resources that facilitate our activities. Outputs are the tangible products of our activities, such as loans and other financial instruments.

Figure 2: TDB's Theory of Change



Outcomes are the results that our products have on social and economic development; we have identified six specific development outcomes:

1. improved access to finance,
2. enhanced business performance;
3. increased employment;
4. improved access to social and economic infrastructure;
5. improved strategic sector performance; and
6. increased intra- and extra-regional trade.

Our impact is the contribution these six development outcomes to the goals of Agenda 2063, the SDGs or the Paris Agreement on Climate Change. As shown in sections 6 and 7, every investment we finance is expected to contribute to one or more of these development outcomes, as well as one or more SDGs. When mapped against the specific targets for each goal, our activities directly align with nine SDGs.

The case studies and examples in this Sustainability Report illustrate how various transactions contribute to the six development outcomes and the SDGs. As we roll out and mature our impact monitoring and reporting systems, future Sustainability Reports will provide an even richer mix of quantitative and qualitative reporting on our sustainable development impact.

The rest of this Report is set out as follows: section 2 outlines the drivers of TDB's sustainable development impact, while section 3 discusses the development impact of each of our lines of business. Section 4 looks into the pillars supporting the sustainability framework, such as additionality, environmental and social risk management, and corporate social initiatives. Section 5 discusses our portfolio and section 6 shows how it contributes to sustainable development. Section 7 showcases the Bank's contribution to the SDGs.

Case studies of our projects are provided for each SDG to demonstrate TDB's tangible impact on the economies of our Member States and on the lives of their people. These case studies also show how our clients in turn contribute to sustainability in their communities.

MESSAGE FROM THE **TDB C-SUITE**

Over the last three and a half decades, the Eastern and Southern African Trade and Development Bank has made a significant contribution to ustainable development in the region. Its operations are aligned to international best practices that guarantee a sustainable future and ensure that the Bank's interventions in the region are financially, socially and environmentally responsibe.

The 'development' part of our name is not only a reflection of our mandate but goes to the very core of our DNA. While we operate with a commercial mindset, we do so through triple bottom-line lenses, ensuring the genuine sustainability of our interventions in the region we serve and call home. Our trade finance business has succeeded in averting fuel shortages, securing the sourcing of strategic commodities, and facilitating greater intra and inter-African trade and regional integration. Our project finance business has succeeded in endowing our Member States with critical infrastructure needed to boost their development, transforming their energy matrix through incorporating renewable sources of power, and in intervening in crucial sectors of their economies to facilitate positive and lasting impact on our region's peoples and environment. As we keep adding strings to our bow, we are committed to continue being the DFI of choice of our region, our clients' first point of call and the ideal partner via which global financial institutions can channel their impact-driven capital at a lower risk.

Michael Awori
Chief Operating Officer

As a risk management focused organization, TDB is proud of its robust Bank-wide Enterprise Risk Management Framework which is at the apex of implementing and achieving the Bank's sustainability objectives. Driven by the Bank's core mandate on balancing a health financial return with socially responsible investments, the Bank is able to implement sustainability conscious and environmental risk management focused policies, which are responsive to the Bank's business and further ignite growth across the Bank's operations. As we strive to build better economies in our Member States, we will continue making a positive difference around our clients, through promotion of strong Environmental and Social Risk Management culture aiming to maintain longevity and sustainability of their businesses.

Joy Ntare
Chief Risk Officer

The desire to make an impact and drive positive change in Eastern and Southern Africa is a primary reason for working at TDB. I have the opportunity to witness that impact on a daily basis, as it flows from all that we do. This report tells the story of an institution that's dedicated to sustainable development and has results to shows for it.

David Bamlango
General Counsel & Senior Executive

THE PPC COMPLEX IN HARARE, ZIMBABWE | IMAGE COURTESY OF TDB

2. DRIVERS OF SUSTAINABLE DEVELOPMENT: **THE ESSENCE OF DEVELOPMENT IMPACT**

2.1 INTERNAL DRIVERS

TDB's focus on sustainability is primarily driven by our Charter, which was adopted when the Bank was set up in 1985, pursuant to Chapter 9 of the Treaty establishing the Preferential Trade Area for Eastern and Southern African States. The Charter defines our objectives, along with operating principles to ensure our financial sustainability. Implicitly underpinning these objectives are various results the Bank is expected to achieve:

- the economic and social development of our Member States;
- the development of trade;
- economic integration and complementarity of investments.

Arising from the Charter and objectives are our vision and mission, which set the stage for us to deliver our unique development impact. As highlighted in Figure 3, our vision and mission inform our five strategic objectives, which are:

1. growth and impact,
2. diversified funding,
3. operational excellence,
4. partnership and collaboration, and
5. a high credit rating.

These strategic objectives in turn shape our three development themes – economic development, integration, and prosperity in the region.

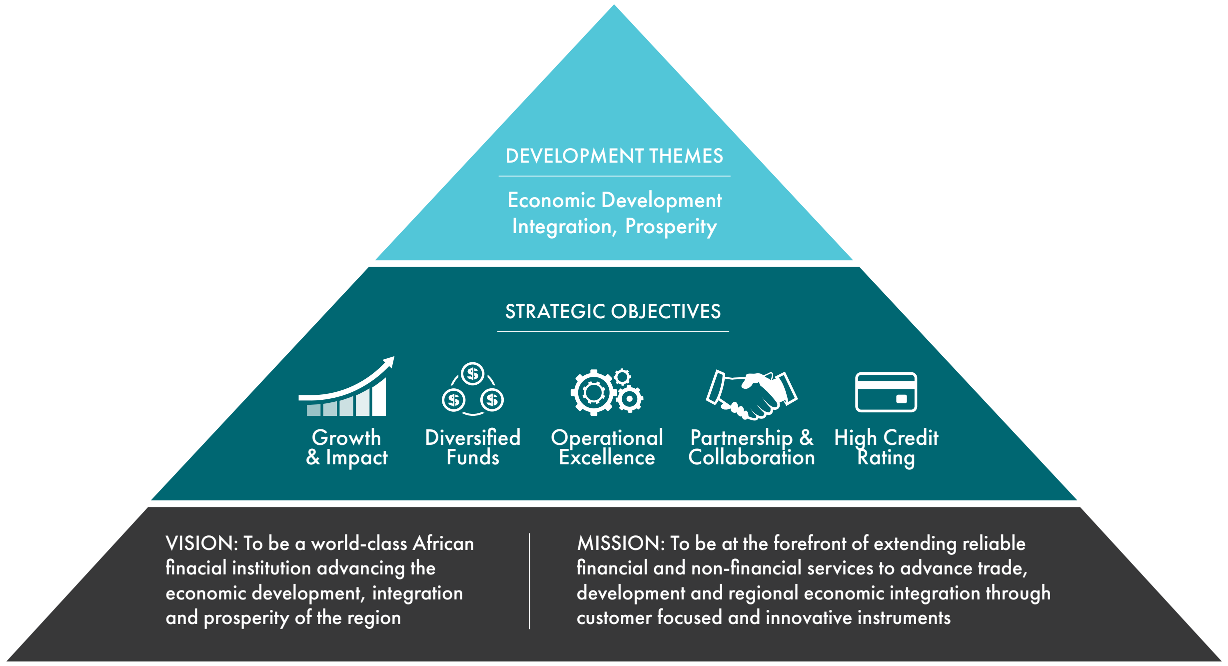
Our Five-Year Corporate Plan (FYCORP VI) 2018 – 2022 focuses on building operational capacity and financial strength to enable us to provide affordable finance to projects that will deliver sustainable development impact. The corporate plan identifies specific priority sectors which include power, transport and logistics, information communications technology (ICT), agribusiness and forestry, transport and logistics, oil and gas, and infrastructure. In addition to supporting projects in these sectors, our development impact is aligned to the economic development of our Member States. Our mission explicitly demonstrates our push for sustainable competitive advantage. The Bank ensures that our operations contribute to sustainable development which, according to the Brundtland Report[1], is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. We ensure this through our CSR, ESMS and now Sustainable Development Impact Monitoring policies. These policies help us to finance transactions that are socially and environmentally sustainable, while generating sustainable financial returns for reinvestment and for our shareholders. TDB intends to report on our sustainable development impact, which will be measured through our sustainable development impact monitoring system.

[1]REPORT OF THE WORLD COMMISSION ON ENVIRONMENT AND DEVELOPMENT: OUR COMMON FUTURE WWW.UN-DOCUMENTS.NET/WCED-OCF.HTM

2.2 ALIGNMENT WITH INTERNATIONAL AGREEMENTS

TDB's strategic focus supports our Member States in progressing towards Agenda 2063, the SDGs, and the implementation of the Paris Declaration on Climate Change. Our development impact must therefore be seen within the context of these regional and global commitments. Every activity we undertake must contribute to one or more of the three overarching agreements.

Figure 3: TDB's Intended Development Impact



THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations-led global Agenda 2030 and the accompanying SDGs were introduced in September 2015 and replaced the Millennium Development Goals. The SDGs are universal goals that address urgent global environmental, political and economic challenges, particularly in developing countries and are to be attained through international cooperation. Broad outcomes are defined for "people", "planet", "prosperity", and "peace". We mapped our operations against all the targets for each SDG to determine where our work would be most likely to contribute. This mapping enables us to credibly claim in our sustainable development reporting that we make a tangible and actual contribution. We found that our work affects nine SDGs, whether through our support for Member States or directly through our operation as a development finance institution.

AFRICAN UNION AGENDA 2063

Prepared under the umbrella of the African Union, Agenda 2063 is the continent's strategic framework for inclusive and sustainable development. The Agenda supports the Pan-African vision of "an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the international arena". It incorporates seven "aspirations" for "the Africa we want". We make our most direct contribution to two of Agenda 2063's aspirations:

- "A prosperous Africa based on inclusive growth and sustainable development", by providing the means and resources to drive sustainable development;
- "An integrated continent, politically united and based on the ideals of Pan-Africanism and the vision of Africa's renaissance", by facilitating infrastructure to support Africa's accelerated integration and growth, technological transformation, global trade and development.

PARIS AGREEMENT ON CLIMATE CHANGE

On 12 December 2015, the Paris Agreement brought all nations into a common cause to accelerate and intensify the actions and investments needed for a sustainable low-carbon future. The overarching goal is for the rise in global temperature in this century to be limited to well below 2° Celsius (above pre-industrial levels) and to pursue efforts to limit it even further to 1.5° Celsius. To reach these ambitious goals, appropriate financial flows, a new technology framework, and an enhanced capacity building framework are needed. Access to sustainable and renewable energy is a key deliverable for TDB. As more African countries embrace renewable energy generation as a pathway to sustainable growth, we will continue to provide innovative financing for the renewable energy sector. Solar, wind and thermal power is now cost-competitive, and developing green energy infrastructure is a responsible way to generate much-needed energy for growth. Despite the region's disproportionately low contribution to global greenhouse gas emissions, it is committed to meeting its energy needs in a responsible fashion.

TDB'S INTERVENTIONS HAVE SOCIO-ECONOMIC IMPACT; SPARKING INDUSTRIALIZATION | IMAGE COURTESY OF DEPOSITPHOTOS

3. LINES OF BUSINESS: **WHAT WE DO HAS A DEVELOPMENT IMPACT**

TRADE FINANCE

Trade Finance is TDB's short-term finance window which facilitates exports and imports from, to and amongst our Member States. The focus is on strategic and vital imports (e.g. petroleum and fertilizers), as well as agricultural and other commodity exports that are critical to the growth of Member States' economies. Trade Finance support is available for sectors such as manufacturing, agriculture, tourism, mining, infrastructure, and petroleum and energy sectors.

THE PRESIDENT OF RWANDA AND PRIME MINISTER OF ETHIOPIA VISIT THE HAWASSA INDUSTRIAL PARK IN ADDIS ABABA, ETHIOPIA | IMAGE COURTESY OF FLICKR

IMPACT

- Through trade finance, exporters gain access to new markets, grow their businesses, and enhance value chains. Such finance allows countries to promote high-value exports or diversify exports more generally. This improves business performance, bolsters strategic sectors, and promotes regional integration. It also generates foreign exchange, reduces trade deficits, and strengthens their balance of payments.
- The uninterrupted importation of strategic commodities underpins the real economy. Agricultural imports contribute to food security, while reliable petrochemical imports contribute to energy security. Imports of machinery and equipment support industrialization, encourage technology transfer, and improve business productivity and infrastructure.

PROJECT & INFRASTRUCTURE FINANCE

The Project and Infrastructure Finance is TDB's medium- to long-term financing window through which we finance or co-finance financially viable infrastructure projects and priority economic sectors, specifically those that promote economic integration and connectivity. Our current focus is on agribusiness, oil and gas, and infrastructure. TDB also provides lines of credit to financial intermediaries for on-lending to smaller borrowers, such as small or medium enterprises. Other products include guarantee facilities, lease finance for equipment and machinery, and in exceptional cases, equity holdings (e.g. in strategic enterprises).

IMPACT

- Businesses obtain affordable finance for development or expansion, new or green technology, construction, product development, and/or working capital. This can stimulate employment; strengthen value chains; increase production and, hence, tax revenues; promote trade; and enhance foreign exchange reserves, all of which contribute to national development and growth.
- The focus on green technology and the application of TDB's environmental and social policy ensure that any negative social and environmental impact is minimal, and that remedial action is taken where necessary. Green energy projects increase energy security without worsening greenhouse gas emissions.
- The development of viable social and economic infrastructure increases access to social and economic services. This improves education and health outcomes, makes people more productive and raises them out of poverty. Infrastructure projects also generate employment, particularly during construction.
- Strategic investments in transportation and logistics infrastructure improve export efficiency and help generate foreign exchange. Cross-border infrastructure, such as telecommunications, energy and transportation, contributes to regional trade and integration. The overall economy becomes more competitive, with better connectivity and energy security.

SOVEREIGN LENDING

Sovereign loans or letters of credit provide debt refinancing and provide financial capital for Member States to invest in infrastructure or other public expenditure. Thus, TDB can enhance access to infrastructure while also lowering countries' debt burdens.

IMPACT

- Targeted export development funds provide strategic support for high-value exports (e.g. via out-grower or supplier programmes) and the consolidation of export value chains; this can contribute significantly to Member States' GDP.
- Financing agricultural inputs strengthens the productivity of domestic agriculture, potentially contributing to import substitution with locally grown crops. This can increase food security, save foreign exchange, and reduce trade deficits.

PART OF THE TRADE FACILITATION INFRASTRUCTURE AT PORT LOUIS, MAURITIUS | IMAGE COURTESY OF SHIBATA FENDER TEAM

ASSET MANAGEMENT & SPECIAL FUNDS

TDB is developing an asset management role to scale up our sustainable development impact in our areas of competence. The function aims to build the off-balance-sheet book and leverage other financiers, while generating fee and dividend income. It has three pillars – assets under administration, under management, and under investment.

IMPACT

- By participating in the management of other funds, TDB helps to leverage third-party income to bring capital into the region for development projects and enhance their development return.
- By taking equity positions in investment vehicles with a focus on sustainable development (e.g. green power), we leverage our sustainability and impact focus to help catalyse impact investors.
- By providing back-office and secretariat support to funds in the agency pillar, TDB will help to catalyse investment in the region by institutions that do not have a presence on the ground. We also intend to assist these institutions monitor and evaluate their investments to ensure they achieve the desired outcomes. This pillar is under development

SYNDICATIONS

TDB often finances projects in syndication with local and/or international capital providers. In syndicated facilities, the Bank invests either as the mandated lead arranger or as a participant. TDB also collaborates with other financial institutions as a parallel lender to close a particular financing gap. TDB's syndication activities are a vital driver of development impact.

IMPACT

- By facilitating the mobilisation of additional capital, TDB supports Member States' infrastructure funding requirements.
- This helps to 'crowd in' African and global capital into a member state
- And, facilitates more efficient sovereign debt management through longer tenor loans
- As well, syndications introduce TDB's sovereign clients to the debt capital markets and a wide network of potential funders.

THE NETWORK SYSTEMS AT BURUNDI BACKBONE SYSTEM (BBS) | IMAGE COURTESY OF ADOBE STOCK

4. POLICIES, PROCESSES AND PEOPLE: **THE IMPACT OF HOW WE WORK**

Sustainability ultimately relies on the efforts of people throughout the organization. It is people who develop and implement the policies of the Sustainability Framework.

4.1 MEASURING AND REPORTING SUSTAINABLE DEVELOPMENT IMPACT

Impact monitoring is an essential management function. It provides a clear basis for strategic planning and decision-making. As such, sustainable development impact considerations are at the forefront of our decision-making. In this regard, the Board and Management remain committed to ensuring that TDB's people, processes and procedures support, and are guided by an impact monitoring system that is fully integrated into operations. The new impact monitoring system will be rolled out across the Bank in 2020, and we will train and sensitize our staff on the importance of this initiative.

4.2 ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

Our environmental and social policy requires that our investments should comply with both the relevant rules and regulations of the host country and our own environmental and social principles. These principles commit us to evaluating the environmental and social performance of potential investment opportunities and to monitoring the performance of the activities. In this regard, the Bank actively appraises potential project risk and continuously monitors implementation of existing projects.

The ESMS helps us to analyse, control and reduce any negative environmental and social impacts and to enhance the benefits of the activities we finance. The system covers our current and future operations by setting out environmental and social requirements for the investment decision-making process and for the ongoing management of investment activities. Compliance with the ESMS is a condition for all activities financed by TDB.

Figure 4 illustrates the ESMS has four main components that are reviewed both during the appraisal stage and the portfolio monitoring stage of the project life cycle: (a) organisational capacity; (b) emergency readiness; (c) stakeholder engagement, and (d) external communication.

Box 1: TDB's Sustainable Development Impact Monitoring Policy Statement

In keeping with TDB's commitment to align its investment strategy with the United Nations Sustainable Development Goals, the Paris Climate Summit Agreement and the African Union's Agenda 2063, the Board, the President and the senior management team are committed to integrating development impact assessment monitoring into TDB's operations. We will ensure that TDB's people, processes and procedures support and are guided by the impact monitoring system.

TDB commits to:

1. the timely collection and analysis of reliable data, as guided by the impact assessment system;
2. working in partnership with shareholders, clients, partners and beneficiaries to identify, analyse and report on development impact; and
3. publish annually a Sustainability Report that highlights our sustainable development impact.

Figure 4: TDB's ESMS Framework

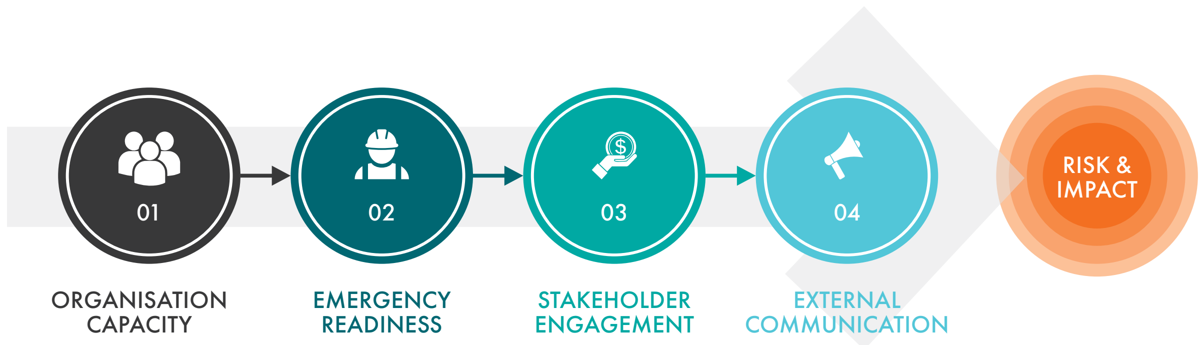
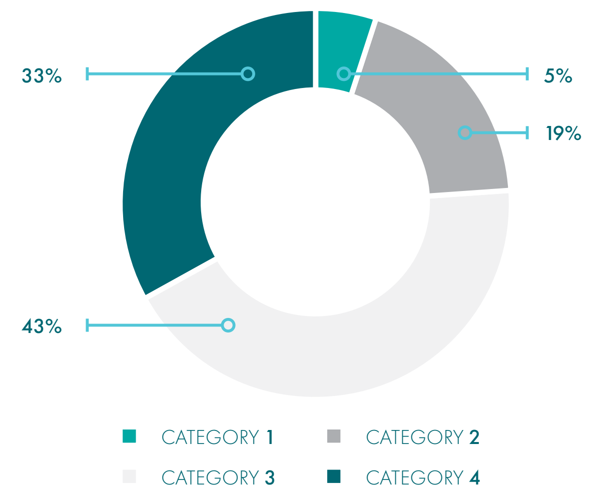


Figure 5: Environmental and Social Categorization of Transactions approved in 2019



As part of the ESMS review process in 2018 the related tools and procedures were revised to align with our sustainability agenda. We accorded priority to increasing our capacity by recruiting environmental and social management staff, enhancing the training of our operational staff, integrating environmental and social risk scoring within our loan origination system, and creating awareness of our strategic thrust towards sustainability. The review helped us focus on increasing the provision of finance for environmentally and socially friendly projects and enhancing the identification and management of environmental risks within our enterprise risk management system. It also confirmed that our investment strategy is aligned with the SDGs – at the time, 32.5% of our portfolio contributed directly to meeting these goals.

Building on this work, in 2019 we initiated a review of our ESMS against principles of good practice, specifically, the ESMS tools and practices for development finance institutions recommended by FIRST for Sustainability[2]. FIRST, an initiative of the International Finance Corporation, guides financial institutions in implementing an ESMS and conducting environmental and social due diligence. The review, which will be completed in 2020, will include recommendations to enhance the ESMS.

TDB continues to improve its environmental and social risk management. We plan to:

- Pilot test an integrated environmental and social screening tool to enhance our ability to screen potential projects for issues such as carbon footprints and development outcomes;
- Adapt the existing tools for screening and assessing trade transactions;
- Continue training staff on environmental and social matters;
- Develop tools to enhance our capabilities for green finance products, suchas SDG bonds and climate finance lines of credit.

[2] FIRSTFORSUSTAINABILITY.ORG/

4.2.1 ENVIRONMENTAL AND SOCIAL APPRAISAL AND MONITORING

TDB categorizes new projects according to their potential environmental and social risks, as follows:

Category 1: High environmental and social risks

Category 2: Moderate environmental and social risks

Category 3: Low environmental and social risks (primarily financial transactions)

Category 4: Investments in financial intermediaries that themselves have no adverse social and/or environmental impacts but may finance subprojects with potential impacts. This category is further divided into: FI-1 (high risk), FI-2 (moderate risk), and FI-3 (low risk).

Projects in category 1 receive enhanced environmental and social due diligence compared to projects in categories 2 and 3. Figure 5 provides the environmental and social categorization of the 37 transactions TDB approved in 2019. Figure 6 and Figure 7 show the environmental and social risk categorization of our portfolio as at 31 December 2019, respectively by number of loans and exposure.

Figure 6: Distribution of Loans by Environmental and Social Risk Category, 31 December 2019

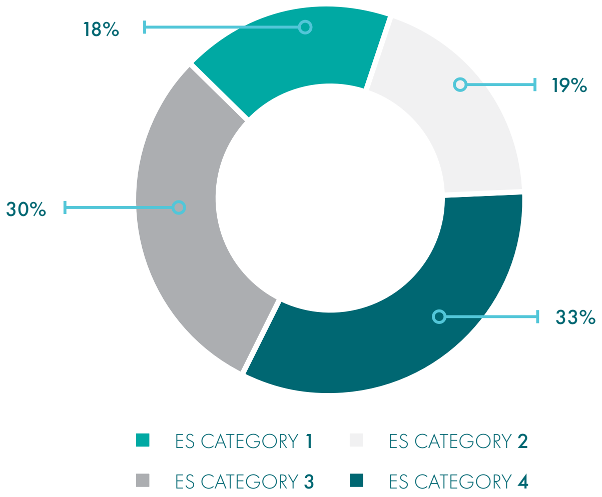
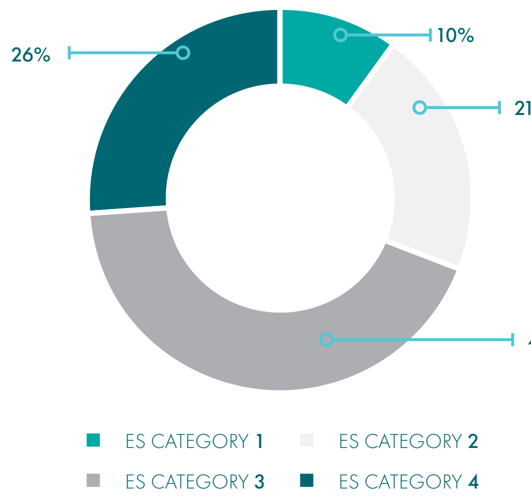


Figure 7: Exposure by Environmental and Social Risk Category, 31 December 2019



At TDB, we monitor our environmental and social progress and performance from the first disbursement and then throughout the operational phase of each investment we make. Monitoring aims to ensure that: 1) the client complies with the environmental and social conditions stipulated in the loan contract, and 2) it continues to comply with the national and local legal requirements within its host country and, where applicable, international best practice. As part of the monitoring process, we require clients to notify us of any major incidents within 24 hours. Examples of such major incidents include fires and explosions, significant spills or contamination, fatalities or major injuries, and security incidents. In 2019, we conducted 17 site visits for environmental and social monitoring, during which we assessed any negative environmental, social, health or safety impacts; identified any capacity gaps among borrowers; reviewed their compliance documentation and environmental and social programmes; and recommended improvements and remedials to identified adverse impacts.

ABACUS PHARMA | IMAGE COURTESY OF ABACUS PHARMA

4.3 CORPORATE SOCIAL RESPONSIBILITY

Table 1: CSR Policy Focus Areas

Focus area	Areas of intervention
Financial inclusion and empowerment	• Access to financial services • Women and youth empowerment in trade • Education and capacity building • Growth and formalization of small, medium and microenterprises
Agriculture and food security	• Development of suitable credit facilities in the agriculture value chain • Development of value-added processes in agriculture • Development of trans-border trade in agricultural products and services • Improved market access
Environmental improvement	• Environmental and social assessment of projects • Development of friendly credit facility for climate action projects • Promotion of environmentally friendly business practices • Responsible consumption of natural resources

TDB has long been active in the CSR sphere, as part of our efforts 'to give back to the community at large' (see Figure 8). In 2019, we funded the following CSR projects:

- **Powah Hub:** TDB provided a USD 25,000 donation to Powah Ltd, a social enterprise designing and implementing management solutions for community-based problems. The Powah Hub project serves as point of sale for solar energy equipment, internet and computer usage, and solar community trainings for refugees in the Isingiro District of Uganda. TDB supported construction and design of the hub itself, purchase of solar energy and internet equipment, six computers, and printer access.
- **Cow in the Car Initiative:** TDB partnered with the National Industrial Research and Development Agency of Rwanda and donated USD 150,000 to the Cow in the Car Initiative. This initiative aims to boost competitiveness and productivity by promoting innovation in the use of cow parts that would otherwise have been discarded (e.g. leather for car seats). TDB's support helps to develop and integrate technologies in the cow value chain; promote advanced technology and services in this value chain; provide capacity building and technical assistance for innovators in the programme; and facilitate the replication of the initiative in other countries.
- **Cyclone Idai Relief:** TDB contributed USD 100,000 to each of three Member States that were affected to support victims of the cyclone disaster:
  - In Zimbabwe, we donated essential supplies to six heavily affected schools through a partnership with Save the Children Zimbabwe. The supplies included school furniture; blankets; and teaching and learning materials, as well as food relief items. In addition, each school received funding for the construction and rehabilitation of water, sanitation and hygiene facilities.
  - In Mozambique, TDB, in partnership with Merec Industries and Phoenix Mozambique, donated food relief items to the National Disasters Management Institute, which used its distribution network to reach the affected communities.
  - In Malawi, relief goods, including shelter and health protection, water, sanitation, hygiene and food security items, were supplied to the Department of Disaster Management Affairs through TDB's partnership with Alliance One. The department provided last-mile logistics and distributed the goods to victims of Cyclone Idai in Chimwala, Mangochi District.

Table 2: CSR Intervention Projects for Humanitarian Relief as a Result of Cyclone Idai

Malawi	USD 100,000	**Strategic Partner:** Alliance One coordinated procurement and logistics in distribution of goods to the community in cooperation with Malawi Government Department of Disaster Management Affairs (DoDMA). **Intervention/Donations:** Relief goods which included shelter, health protection, water, sanitation & hygiene and food security items. **Beneficiaries**: 485 households in Chimwala, Mangoshi District received relief supplies.
Mozambique	USD 100,000	**Strategic Partner:** Merec Industries and Phoenix Mozambique coordinated the purchase and delivery of goods to National Disasters Management Institute (INGC). **Intervention/Donations:** Food relief items to cater to some of the most pressing needs of the communities affected by Cyclone Idai. **Beneficiaries:** The affected community in Beira received 2,200 bags of maize flour and 3,774 bags of rice.
Zimbabwe	USD 100,000	**Strategic Partner:** Save the Children Zimbabwe **Intervention/Donations:** Essential supplies provided to six schools which included school furniture, blankets, teaching and learning materials, as well as food relief items; and funding for the construction and rehabilitation of water, sanitation and hygiene facilities (WASH). Ten latrines were constructed at each of the six schools, repairs of the piped water scheme, school boreholes either flushed or drilled and installation of 5,000-litre water storage tanks. **Beneficiaries:** Chimanimani and Chipinge Districts – 4,868 (2,112 girls, 2,756 boys).

4.4 ADDITIONALITY

Additionality is a central principle of development finance – it reflects the extent to which an institution's financial and non-financial inputs make an investment happen, make it happen faster than it would otherwise have done, or improve its design and/or development impact. TDB assesses the additionality of our financing when considering each transaction. We look at:

- **Financial additionality:** Would the project outcomes been achieved without our financing?
- **Non-financial additionality:** Does our participation ensure that the development outcomes are achieved in a more sustainable way? For example, do we help clients improve the project design, the environmental, social, or corporate governance outcomes, or the gender equity practices?
- **Risk reduction:** Does TDB's participation reduce the project's risk or the perception of risk through our reputation in the market or our role as an "honest broker" and trusted partner? Does our participation provide a signalling function for sound projects, thereby providing assurance to other potential partners?

Table 3: TDB Staff Profile, 2015 to 2019

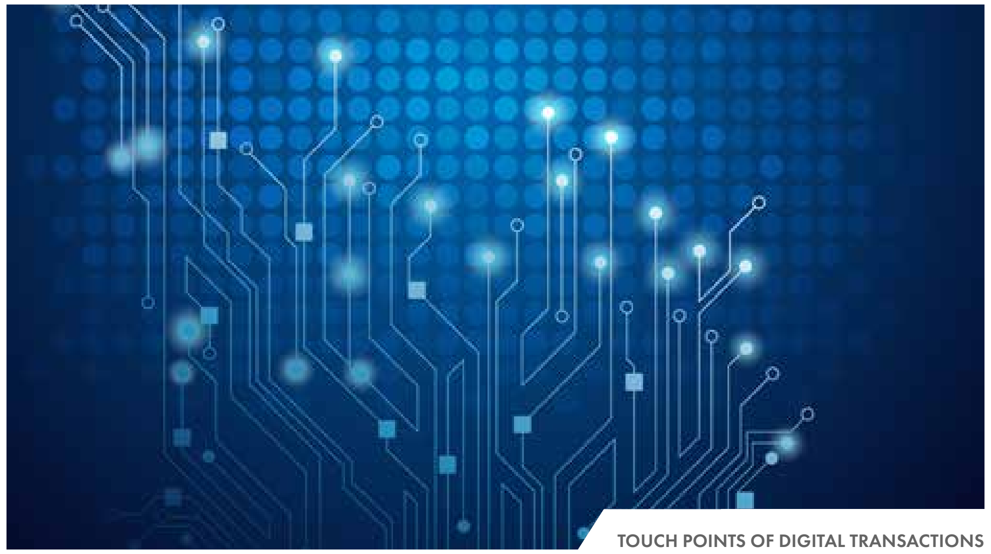
Level	2015		2016		2017		2018		2019	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Professional	50	28	55	29	63	37	64	37	68	39
Sub-professional	4	14	4	13	4	11	3	10	3	12
General service	10	11	10	12	9	13	11	13	11	12
Total	64	53	69	54	76	61	78	60	82	63
Total Male & Female	117		123		137		138		145	

4.5 HUMAN RESOURCES & TRAINING

TDB is committed to a responsible human resources and training policy, as well as to fair dealings with all employees in compliance with international standards, applicable laws, and labour standards. For the Bank, fair dealings with our employees means creating a corporate culture in which our values of partnership, cooperation, openness, and mutual respect are endorsed by all. These values are the basis for a positive and productive working climate. As a progressive regional development bank, TDB has long been committed to providing ample opportunities and support for women and young people. As Table 2 displays, TDB employs 145 staff; 73% are professionals and about 43% of the total are female. TDB staff are representative of our Member States.

Box 2: Encouraging Excellence and Innovation

TDB Academy has been established to contribute to achieving our commitment to operational excellence. The Academy will develop and deliver professional training to staff and over time, external stakeholders.



TOUCH POINTS OF DIGITAL TRANSACTIONS | IMAGE COURTESY OF DEPOSITPHOTOS

Between 2011 and the present, we have empowered staff by providing training workshops, seminars, and management development programmes to enhance core competencies, technical skills, and knowledge. Training covered a range of fields related to our core activities, such as trade finance, financial modelling, deal structuring and ecosystem client planning, and forfaiting. Staff were able to use TDB's eLearning online training platform to access specialist and personal development courses. We also provided funding for at least 20 members of staff to pursue formal academic studies in areas related to our operations. Support for training and capacity building in these different ways allows TDB to build internal capacity, attract and retain high-quality staff, and ensure operational excellence. We also launched the TDB Academy pilot programme in 2018. The aim is initially to focus on internal staff but eventually to expand the Academy to provide training and capacity building to our clients and stakeholder communities. During the pilot, the Academy conducted training on Invoice and Receivables Discounting, Structured Trade and Commodity Financing, Islamic Finance, Blended Finance, and Climate Change Risks and Opportunities for the Finance Sector. Some courses were provided entirely by external partners, some were delivered in collaboration with external partners, and others were designed and delivered in-house.

As the sustainable development impact monitoring system is rolled out, staff will be sensitized, through the Academy, to the new sustainability framework and trained using the tools and processes that will be integrated throughout our operations. By focusing on building staff capacity and sensitizing employees and clients to the need for measuring development impact, we anticipate both better development results and better reporting on our sustainable development impact.

In view of the success of the pilot programme, the Academy is developing a five-year strategic plan based on four strategic pillars for 1) staff training and capacity building to enhance staff development for the Bank, 2) knowledge management and information dissemination to both internal and external stakeholders, 3) research and strategic studies that advance knowledge on strategic areas in the region, 4) coaching and mentoring for both Bank staff and external clients.

Innovation is also a key driver for our Academy, which aims at becoming an innovative thought-leader in the region. The Academy will undertake innovative research and strategic studies in countries in which we operate. These studies will be made available to our Member States, clients and potential investors to inform their policy or investment decisions in the region.

Box 3: Using Blockchain Technology for Innovative Trade Transactions

In 2019, TDB became Africa's first development finance institution to close a live, end-to-end trade finance transaction using blockchain technology, with dltledgers as the blockchain partner and Agrocorp International Pte Limited as the trading company.

Trade finance commonly uses letters of credit, which rely on manual, paper-based systems. Traditionally, parties wait for physical documents to be generated and passed from one to the other before the ownership of the goods can be transferred. This can take up to 15 days. A blockchain-based trade finance solution digitally captures the main documents needed to process a letter of credit (e.g. purchase order, bill of lading, invoice and shipment tracking) in a smart contract, which reduces the turnaround time. Blockchain technology can save up to 7 working days in a trade cycle, while significantly enhancing security. It reduces not only the costs but also the carbon footprint and paper waste of trade finance transactions. TDB's first blockchain transaction was also a first in the sugar industry and involved a USD 22 million white cane sugar trade. TDB President Admassu Tadesse said, "we need to continue delivering more for our clients, partners and shareholders by improving the efficiency and speed of our processes while diminishing our carbon footprint". Michael Awori, the Chief Operating Officer, added that "with this transaction, we have the potential to revolutionize how we finance cross-border trade at the Bank. Not only will it impact our bottom-line, but it will enable us to reduce processing time, be more responsive to our clients, and de-risk transactions."

4.6 OPERATIONAL INNOVATION

Innovation is at the heart of TDB's operations, making us an agile institution that can readily adapt to an increasingly fast-paced world. Adopting new technological innovations in our business processes is part of our innovation strategy. The global financial landscape is marked by various digital innovations, such as blockchain technology. As a financial institution, we seek to use these technologies to facilitate financial transactions quickly and securely. To this end, we are proud to be the first African development finance institution to use blockchain technology to facilitate trade transactions.

OUR PORTFOLIO STRIVES TO OPTIMALLY BALANCE BETWEEN OPERATIONAL EFFICIENCY AND SUSTAINABILITY | IMAGE COURTESY OF UNSPLASH

5. OUR **PORTFOLIO**

TDB's sustainable development impact is derived from the nature of our operations and our lines of business. We operate in three strategic business areas: project and infrastructure finance, trade finance, and asset management and special funds. This section briefly reviews our portfolio and then discusses each of our strategic business areas.

5.1 PORTFOLIO DISTRIBUTION AND GROWTH

Over the last five years, TDB has shown consistent growth, while maintaining the quality of our portfolio. Our overall gross portfolio grew by 64.2% from USD 3.35 billion in 2015 to USD 5.50 billion at the end of 2019. Over this period, project and infrastructure finance grew from USD 769 million to USD 2.166 billion, at an average rate of 36.3% per year; its share in the overall loan book grew from about 23% to 39% in 2019. Trade finance grew from USD 2.58 billion to USD 3.33 billion, at an average rate of 5.84% per year.

In 2019, we continued to consolidate and diversify our portfolio; the gross portfolio grew by 24.2% year-on-year, trade finance loans by 12.8%, and project and infrastructure finance loans by 48.8%, largely from our ongoing support for sovereign infrastructure initiatives. The non-performing loan ratio remains acceptable at 2.33%.

By year-end 2019, sovereign lending represented 67% of our portfolio, at USD 3.7 billion. Non-sovereign lending has remained fairly stable over the last five years, with growth of around 3.5% per year on average; the portfolio grew by 12.3% year-on-year in 2019. Large enterprises account for 23.5% of the overall portfolio, while banks and financial institutions, small and medium enterprises (SMEs), and new financial institutions (a new strategic initiative) each account for about 6.1%.

The sector concentration of the gross portfolio mirrors TDB's strategic focus areas, with three main sectors being oil & gas (29.1%), agribusiness (22.3%) and infrastructure (21.2%).

TOTAL ASSETS
↑ 20%
USD 6.69 billion

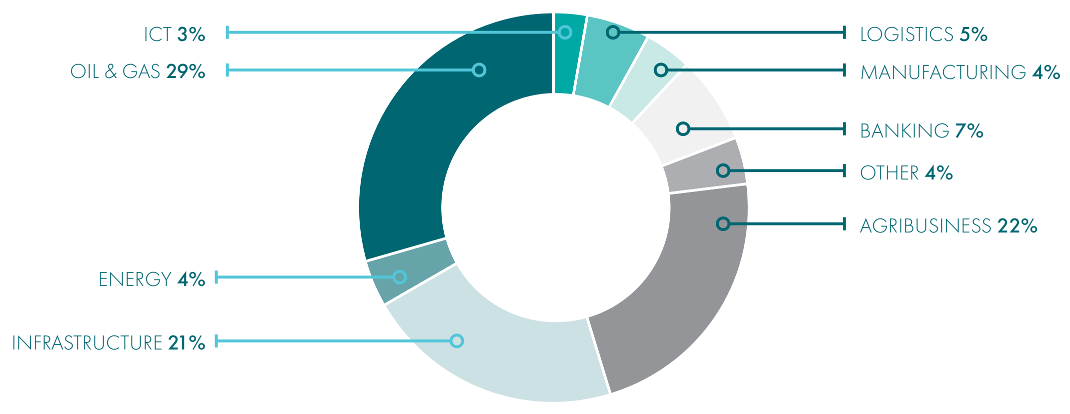
TOTAL EQUITY
↑ 17%
USD 1.39 billion

LOAN PORTFOLIO
↑ 24%
USD 5.50 billion

NET PROFITS
↑ 17%
USD 151.30 million

GROSS NPL RATIO
↓ 0.02%
2.33%

Figure 8: Portfolio Distribution by Sector



In line with our 2018–22 Corporate Plan, we operate in four 'coverage areas', as follows:

- **North East Africa:** Djibouti, Egypt, Ethiopia, Eritrea, Somalia, Sudan, and South Sudan;
- **East Africa:** Kenya, Tanzania, Rwanda and Uganda;
- **Southern Africa (Anglophone):** eSwatini, Malawi, Zambia, and Zimbabwe;
- **Franco-Lusophone Africa:** Burundi, Comoros, Democratic Republic of Congo, Madagascar, Mauritius, Mozambique, and Seychelles.

East Africa accounts for over a third of our lending, Southern Africa for about 30%, and North-East Africa for 18%. About 11% of the portfolio involves multi-country groups.

To help green the economies of the region, TDB's medium-term ambition is to be among the major players financing climate solutions through low-carbon transactions. Already, over 72% of our gross financial intervention in the energy sector (USD 169.9 million) is related to zero-carbon energy projects – wind, hydro, and geothermal power plants. These projects produce, in total, 470.2 MW of renewable energy.

5.2 PROJECT AND INFRASTRUCTURE FINANCE

Finance for projects and infrastructure is critical to the social and economic development of our Member States. By year-end 2019, our gross loan exposure in the Project and Infrastructure Finance window stood at USD 2.16 billion. During the year, our focus was on infrastructure, agribusiness, manufacturing, and energy. TDB paid specific attention to new and underserved markets (e.g. Mozambique, Djibouti, Madagascar, eSwatini, and the Democratic Republic of Congo), as well as to markets where our exposure is low.

5.3 TRADE FINANCE

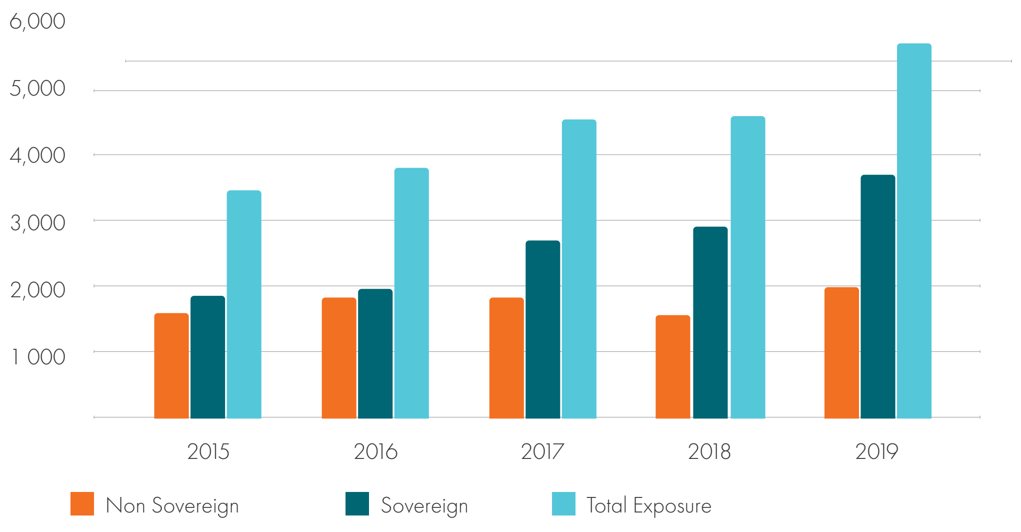
TDB's trade finance is crucial for promoting trade, financial sector deepening and regional integration. We facilitate exports both inside and beyond the region, which enhances integration, makes member economies more productive, and generates foreign currency. During 2019, TDB focused on diversifying the trade portfolio by region, sector, and product, and penetrating the underserved markets of Mozambique, eSwatini, Madagascar, and South Sudan.

We also rolled out our new financial institutions' strategy to Ethiopia, Tanzania, and Zambia. The gross trade finance portfolio grew by 12% during the year, reaching USD 3.35 billion by year-end.

5.4 SOVEREIGN LENDING

TDB provides development-oriented assistance to Member States (sovereigns and public enterprises) to help them catalyse their economies, meet their strategic needs, and

Figure 9: Trend on Portfolio, Sovereign and Non Sovereign Lending (in millions USD)



work towards their SDG targets. We support both strategic commodities (e.g. petroleum products and fertilizers) and sustainable infrastructure development (e.g. water resource management, sanitation, and clean energy).

By year-end 2019, sovereign lending represented 67% of the Bank's portfolio, at USD 3.7 billion, up from USD 1.8 billion (54%) in 2015 (see Figure 15). This represents an average rate of growth of 12% per year over the last five years; in 2019 alone, Bank support to sovereigns grew by 31% year-on-year. The portfolio comprises government-backed facilities (62.3% of the overall portfolio) and loans to public enterprises (4.5%).

5.5 ASSET MANAGEMENT AND SPECIAL FUNDS

TDB is developing an asset management role to scale up our fee-based activities. The function aims to build off-balance-sheet book and leverage other financiers, while generating fee and dividend income.

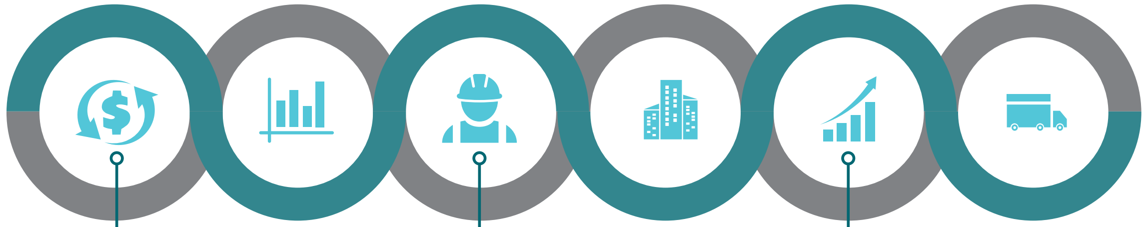
5.6 SYNDICATIONS

In syndicated facilities, the Bank invests either as the mandated lead arranger or as a participant along with other reputable financial institutions. We may also collaborate with other financial institutions as a parallel lender to close a particular financing gap. During the year, we arranged USD 2.75 billion in syndicated loans for sovereign and corporate clients. About two-thirds of this finance was mobilized from African investors. By year-end, the syndicated loan portfolio stood at USD 1.97 billion; 84% related to syndicated deals arranged by the Bank and 16% to our participation in deals arranged by partner institutions.

SPRAY FROM A WATERFALL AT THE NKUSI POWER PLANT, HOIMA DISTRICT, UGANDA | IMAGE COURTESY OF TDB

6. THE SUSTAINABLE DEVELOPMENT **IMPACT OF OUR TRANSACTIONS**

Figure 10: TDB's Development Outcomes



TDB's theory of change focuses on the six development outcomes shown in Figure 16, which support the socio-economic development of our Member States and clients. We have a direct impact on our clients through our provision of capital for both private sector and public sector development. This finance contributes to the establishment of new private enterprises and growth of existing private enterprises, the development of various forms of infrastructure, and growth of trade, all of which facilitate employment creation. From the perspective of our Member States, investment in infrastructure and in strategic sectors benefits their entire economies and assists them in achieving their SDG targets and national development goals. Finally, our trade finance facilitates intra- and extra-regional trade, which results in the improvement of their balance of payments position and generates foreign exchange.

The case studies in this report provide examples of how these development outcomes were achieved; most of our projects contribute to more than one development outcome and SDGs. As such under each development outcome and SDG we have selected case studies that strongly align with that development outcome or SDG. These case studies have been added under each outcome and SDG as examples to demonstrate the impact of the Bank's transactions. As this is our first Sustainability Report, we included a variety of case studies to demonstrate our long-running commitment to sustainable development impact. Note that the case studies also showcase how our clients care for their local communities. We are proud to be associated with clients who care about sustainability, and we are pleased to reflect their efforts here. We hope that other stakeholders will be inspired by the range of initiatives undertaken by our clients – large and small.

6.1 DEVELOPMENT OUTCOME 1: IMPROVED ACCESS TO FINANCE

TDB provides access to finance to the private sector and sovereigns through several mechanisms. For the private sector, we supplement other **commercial loans** or provide loans with a longer tenor. Our loan guarantees increase the capacity of financial institutions in our Member States to provide access to finance to firms whose risk profiles may be higher than commercial banks are willing to fund. This allows more first-time SME borrowers to access finance, while SMEs with a good track record may be able to access multiple loans to grow their businesses over time.

TDB operates as a lead arranger or as a participant to **syndicated loans**. In this way, we provide additional financing for large projects, often large-scale infrastructure projects in ICT, energy, or transportation. The development impact of such large projects can be significant in terms of employment generated, tax revenues, or the number of users or customers reached.

TDB operates as the initial mandated lead arranger or a syndicate partner in large **sovereign loans.** Such loans have a longer tenor and allow countries to refinance their short-term commercial debt. This creates fiscal space within national budgets for investment in infrastructure or achieve long tenor for sovereigns.

6.1.1 FINANCING CORPORATE GROWTH

Finance for enterprises can provide much-needed capital for greenfield projects or business expansion, supplementing other commercial or concessional loans or providing loans with a longer tenor than commercial banks are willing to provide. Case study 1 highlights how TDB's support of Consolidated Farming Ltd enhanced business performance of this company and contributed towards increasing employment. TDB's support of this project also directly contributed to reducing poverty (SDG 1) by providing a source of income to beneficiary farmers, reducing hunger (SDG 2) by supporting Zambia's agriculture sector and increasing economic growth (SDG 8) by supporting the agriculture sector's contribution towards Zambia's economy.

FARM IRRIGATION ON CONSOLIDATED FARMING, OUTSIDE LUSAKA, ZAMBIA | IMAGE COURTESY OF TDB

CASE STUDY 1:

FINANCING GREENFIELD AGRIBUSINESS

NAME OF CLIENT
Consolidated Farming Limited, Zambia

FACILITY AMOUNT
USD 16.5 million
September 2001 - USD 7.5 million (Project Finance)
February 2006 – USD 3.0 million (Trade Finance)
November 2006 -USD 8.25 million (Project Finance)

FACILITY TYPE
Project and Infrastructure Finance loan

DATE EXTENDED
September 2001, August 2003 and September 2006

DEVELOPMENT OUTCOMES
Outcome 2: **Enhanced business performance**
Outcome 3: **Increased employment**

Consolidated Farming Limited is a 100% subsidiary of Sable Transport and Construction Limited, a well-established, family-owned company in Zambia. Its sugarcane farming company, Kafue Sugar, is a 9,000-ha estate with a processing mill along the banks of the Kafue River. With a production of around 4,000 metric tonnes of sugar per day, Kafue Sugar holds a 30% share of the sugar industry in Zambia; the remainder is held by the multinational Illovo Sugar Africa Limited.

TDB supported Consolidated Farming from greenfield to one of the largest sugar producers in Zambia. The company utilized a TDB loan obtained in September 2001 to finance acquisition of farming and irrigation equipment, construction of a sugar mill of the first phase of the project on an 8,000 ha piece of land allocated by the Government of Zambia under a 99-year lease arrangement. The estate was established in a previously uninhabited area, which had been used for cattle ranging. The company enjoyed several additional facilities from TDB and the last facility was provided in 2015.

Consolidated Farming employs over 2,000 permanent and seasonal employees (e.g. for irrigation, harvesting or fertilizing) on a rotation basis. While currently only 35% of its employees are female, the company is implementing a policy initiative to correct the balance "quite aggressively". At any given time, about 3,000 people derive income from the industry. This influx of income into the local community has helped transform the local nearby village into a town with many small businesses.

The company has financed several projects in the community, including a primary school, a clinic, a mortuary, some roads, and part of the secondary school. Consolidated Farming also benefits the economy by helping to save foreign currency previously used to import sugar for domestic consumption.

AFRICAN MARKET PLACE, BUNYONYI LAKE, UGANDA | IMAGE COURTESY OF SHUTTERSTOCK

6.1.2 HELPING LOCAL FINANCIAL INSTITUTIONS PROVIDE SME FINANCE

TDB also strengthens the capacity of domestic financial institutions to enhance access to banking, insurance and financial services. Our use of local financial intermediaries provides access to financial resources not otherwise available, particularly to SMEs. TDB through its Small and Medium-Sized Enterprise Programme is contributing to strengthening financial institutions to support SMEs in Member States as highlighted in case study 2. In doing so the programme also directly contributes to reducing poverty (SDG 1) by financing SMEs that will provide income to their employees, economic growth (SDG 8) through supporting the productivity of SMEs and reducing economic inequality between beneficiary Member States and advanced economies (SDG 10).

CASE STUDY 2:

FINANCING THE MISSING MIDDLE

NAME OF CLIENT

Small and Medium Sized Enterprise Programme

FACILITY AMOUNT

USD 3.0 million

For the pilot phase

COUNTRIES

Burundi, Ethiopia. Kenya, Malawi, Zambia and Zimbabwe

DATE LAUNCHED

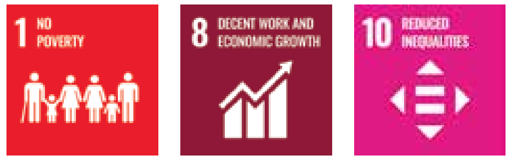
October 2018

DEVELOPMENT OUTCOMES

Outcome 1: **Improved access to finance**

Outcome 2: **Enhanced business performance**

Outcome 3: **Increased employment**



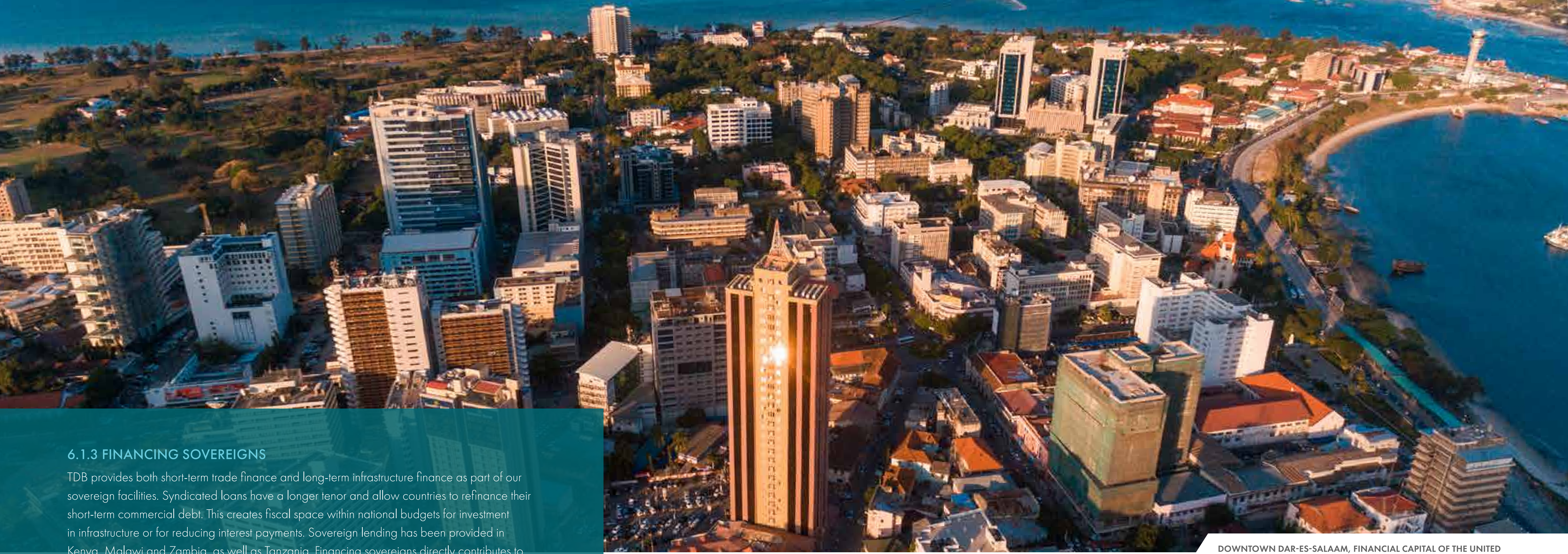
In October 2018, TDB launched a pilot SME finance project in Harare. The Small and Medium-Sized Enterprise Programme is a USD 3.0 million fund to address the "missing middle" in SME finance, particularly among women entrepreneurs. It covers agribusiness, light manufacturing, hospitality and tourism, healthcare, retail trade, mining, small renewable energy projects, public procurement, and fintech for financial inclusion, in six countries – Burundi, Ethiopia, Kenya, Malawi, Zambia and Zimbabwe.

The pilot phase targets SMEs with 50–250 employees and an annual turnover of up to USD 5.0 million. The facility provides term loans (3–5 years) to financial intermediaries for on-lending to SMEs or strong exporters facing hard currency constraints; partial loan portfolio guarantees to reduce the credit risk of partner institutions lending to SMEs; and technical assistance, based on robust need assessments.

To date, the SME Programme has taken off or is concluding the following transactions:

- Supporting innovative enterprise financing in Zimbabwe: Up to USD 350,000 unfunded partial guarantee in favour of UNTU Microfinance to borrow ZWL12 million from NMB Bank for on-lending to hundreds of SMEs;
- Encouraging entrepreneurs to enter strategic sectors in Burundi: An unfunded partial guarantee facility of USD 500,000 to WISE Microfinance to help sustain its outreach to micro, small and medium entrepreneurs in agro-processing, leather and leather products, among others;
- Elevating East African companies' capacity for impact: Partnering with a fund manager based in Kenya to deploy up to USD 1.0 million in mezzanine debt products to high-impact agribusinesses with attractive and sustainable business models and great potential for impact.

The impact of the programme will be assessed in terms of its contribution to the success of the SMEs (e.g. turnover growth) and the SDGs (particularly 1: poverty reduction, 5: gender equity, 8: work and growth, and 10: reduction in inequality), as well as its alignment with TDB's goals (e.g. on portfolio size and quality).



DOWNTOWN DAR-ES-SALAAM, FINANCIAL CAPITAL OF THE UNITED REPUBLIC OF TANZANIA | IMAGE COURTESY OF DEPOSITPHOTOS

6.1.3 FINANCING SOVEREIGNS

TDB provides both short-term trade finance and long-term infrastructure finance as part of our sovereign facilities. Syndicated loans have a longer tenor and allow countries to refinance their short-term commercial debt. This creates fiscal space within national budgets for investment in infrastructure or for reducing interest payments. Sovereign lending has been provided in Kenya, Malawi and Zambia, as well as Tanzania. Financing sovereigns directly contributes to SDG 10 by providing financing that reduces inequality between least developed and low-income countries, and advanced economies. Case study 3 demonstrates an example TDB's financing of the Government of Tanzania and how this contributed to improved access to finance as well as SDG 10 reducing Tanzania's inequality with other advanced economics and SDG 17 partnering with the Government of Tanzania to achieve development outcomes.

CASE STUDY 3:

CREATING MORE FISCAL SPACE FOR THE MEMBER STATES

NAME OF CLIENT

Government of Tanzania

FACILITY AMOUNT

USD 1.0 billion

COUNTRIES

Tanzania

DATE LAUNCHED

June 2019

DEVELOPMENT OUTCOMES

Outcome 1: **Improved access to finance**

In June 2019 TDB, acting as the Initial Mandated Lead Arranger, Underwriter and Bookrunner, arranged a USD 1.0 billion syndicated loan facility in favour of the Government of the United Republic of Tanzania, acting through the Ministry of Finance and Planning. Proceeds of the syndicated loan were utilised to assist the government in meeting its budgetary requirements for infrastructure-related projects for the fiscal year 2018/19. The amortising syndicated facility was arranged under TDB's sovereign loan syndicated strategy and will ensure that the underlying infrastructure projects are implemented on a timely basis.

This oversubscribed debut syndicated loan arranged for the Government of Tanzania is aligned with TDB's strategy to leverage global and regional capital into our Member States by building focused partnerships to mobilize capital into Africa. Several international and regional commercial banks, together with partner African development finance institutions, participated as original lenders under the facility. These include ABSA Bank Limited, African Export-Import Bank, Africa Finance Corporation, Nedbank Limited, Société Générale, Stanbic Bank Tanzania Limited and Sumitomo Mitsui Banking Corporation Europe Limited. The Facility underscored the key objectives of the sovereign syndicated lending strategy, specifically:

- Supporting the infrastructure finance requirements of our Member States;
- Facilitating more efficient sovereign debt management through longer tenor amortising sovereign syndicated loans, thereby extending the yield curve for the Government of Tanzania;
- Leveraging the Bank's balance sheet by crowding in African and global capital into a Member State;
- Introducing our sovereign clients to the debt capital markets and a wide network of potential financiers.

6.2 DEVELOPMENT OUTCOME 2: ENHANCED BUSINESS PERFORMANCE

Investments in companies help to increase productivity, sales, exports and profits. When business performance is enhanced in this way, it generates more jobs, stimulates economic growth, and increases tax revenues directly contributing to SDGs 8 and 9.

6.2.1 INVESTING TO MEET THE GROWTH IN DEMAND

TDB financing of growing sectors contributes towards growth in demand for specific products and services in Member States. By financing businesses, TDB contributes towards businesses expanding their activities and production thus enhancing general business performance. Case study 4 demonstrates how TDB's support of RwandAir contributed to achieving economic growth in Rwanda (SDG8) and supporting innovation (SDG9).

CASE STUDY 4:

CAPITAL INVESTMENT FOR GROWTH

NAME OF CLIENT

Rwandair

FACILITY AMOUNT

USD 250 million

COUNTRIES

Rwanda

DATE EXTENDED

March 2010, June 2011, September 2016 and March 2018

DEVELOPMENT OUTCOMES

Outcome 1: **Improved access to finance**
Outcome 2: **Enhanced business performance**
Outcome 3: **Increased employment**

A RWANDAIR BOEING 737 LANDS AT KIGALI INTERNATIONAL AIRPORT | IMAGE COURTESY OF ADOBE STOCK

RwandAir, the national carrier of the Republic of Rwanda, has one of the youngest fleets on the continent. A member of the International Air Transport Association (IATA), RwandAir is certified for IATA Operational Safety Audit (IOSA), IATA Safety Audit for Ground Operations (ISAGO) and European Union Aviation Safety Agency (EASA). With a fleet of 12 aircraft, including two wide-body Airbus A330s, the airline services 29 destinations across Africa, the Middle East, Europe and Asia. In addition to its hub in Kigali, RwandAir has a hub in Cotonou, from which it serves Dakar, Abidjan, Libreville, and Douala. In mid-2019, the airline started operations to Kinshasa, Guangzhou and Tel Aviv.

Over time, TDB has financed several aircraft purchases for RwandAir, in conjunction with an equity infusion by the Government of Rwanda. After years of wet-leasing aircraft from other carriers, RwandAir purchased two used Bombardier CRJ-200LR from Lufthansa in 2009. It subsequently purchased two new B737-800 NG aircraft from Boeing, and some years later, two A330 aircraft from Airbus.

The airline has shown strong growth over the past five years, with passenger numbers and revenue growing at an average annual rate of 22% and 27% respectively. Available seat kilometres likewise grew at an average annual rate of 33%. The fleet size grew from 8 to 12 aircraft, while the number of destinations grew from 17 to 29. RwandAir contributes significantly to regional growth and integration. The airline offers flights to most regional destinations from its hub in Kigali, which facilitates the movement of people and goods in the region. Its daily flights to Dubai and three weekly flights to Guangzhou further support international trade and business relations. In 2018/19, a total of 306,678 passengers entered or exited Rwanda, and 553,751 used Kigali as a transit point.

RwandAir meets environmental requirements, and its environmental impact is audited. It is implementing a progressive carbon emissions programme, and its new aircraft are more fuel-efficient and have lower emissions. Finally, its commitment to supporting women is demonstrated at the highest level: along with the chief executive officer, 7 of its 15-strong executive team is female.

In 2019, the airline contributed 43 air tickets towards social issues that affect local communities. Other forms of community support include a partnership with the Breast Cancer initiative in East Africa, activities supporting Rwanda Liberation War Casualties, and sponsored travel for patients who require medical treatment abroad.

VARICHEM PHARMACEUTICALS IN ZIMBABWE | IMAGE COURTESY OF TDB

6.2.2 PROMOTING INCREASED PRODUCTIVITY

TDB's financing helps expand the availability of capital for private sector development and national development. Through this financing, enterprises expand, introduce new innovations, and increase productivity and competitiveness, thereby improving their bottom line. Case study 5 highlights an example of a company in Zimbabwe being able to increase its productivity due to TDB's financing. To not only enhance business performance within a strategic sector of the economy but also increase regional trade.

CASE STUDY 5:

EXPANDING TECHNOLOGY TO MEET DEMAND

NAME OF CLIENT
Varichem Limited, Zimbabwe

FACILITY AMOUNT
USD 10 million

DATE EXTENDED
September 2012

REPAYMENT DATE
November 2019

DEVELOPMENT OUTCOMES
Outcome 2: **Enhanced business performance**
Outcome 5: **Improved strategic sector performance**
Outcome 6: **Increased intra and extra regional trades**

Varichem Limited is a long-established group of companies that manufacture consumer and personal care products, as well as pharmaceutical products. Its subsidiaries are:

- **Varichem Pharmaceuticals:** The largest wholly owned Zimbabwean pharmaceutical company, which manufactures and markets "reliable and cost-effective" generic pharmaceuticals and related products;
- **Prochem:** A major manufacturer of consumer and personal care products, which invested in state-of-the-art machinery for the production of skin care products, deodorants and colognes;
- **National Generics, trading as Greenwood Wholesalers and Pharmacies:** A leading pharmaceutical wholesale supplier and pharmaceutical chain with two wholesale and nine retail pharmacies;
- **Varifreight:** A company that handles the customs clearance and freight forwarding needs of the group, while also servicing external customers.

Varichem was accredited by the World Health Organization to manufacture generic antiretroviral drugs; however, it was constrained from taking up this opportunity by the lack of foreign exchange. It approached TDB for finance to retool its subsidiary, expand its businesses, improve its technology, and develop products to capitalize on demand across Africa. TDB approved a USD 10.0 million loan in 2012 for the retooling programme. The project was successfully implemented, and the company was able to expand production. Its 150 different drug lines "touch everybody in the country". It now exports about 10% of its output to various countries including South Africa, Botswana, Namibia, Zambia, eSwatini and Mozambique. This success has earned it a number of awards, including the 2015 Confederation of Zimbabwe Industries First Runner-up for Overall Exporter of the Year Award. It has also won the Zimtrade Awards Exporter of the Year for Pharmaceuticals Sector four years in a row.

In a highly regulated industry, Varichem complies with the regulations of the Medicines Control Authority of Zimbabwe and meets the requirements of regulatory authorities in its export destinations. It also complies with the requirements of the Environmental Management Agency of Zimbabwe in terms of effluent.

The group has 285 permanent employees and 69 contract employees and 10 students on industrial attachment. Its outreach to the community includes providing products for underprivileged people; supporting universities to improve training in the pharmaceutical industry; and providing preregistration attachment of pharmacists who are accorded a chance to learn how to handle and dispense drugs. Following Cyclone Idai, it joined several other businesses by donating over USD 20,000 worth of medicines to help people in the affected areas. It also supported about 900 people via its partnership with the Eczema Trust, through clinic training, free consultations, samples, and donated treatments. About 840 people benefited from its support of the Masawara Family Medical and Dental Outreach, through donations of medication, supplies and consumables worth over USD 15,000. Finally, its donations in response to requests from the community include medicine for inmates and for various medical outreaches, and the refurbishment of school toilets.

6.3 DEVELOPMENT OUTCOME 3: INCREASED EMPLOYMENT

Investments in infrastructure, in enterprises and in building export markets generate both temporary jobs in construction and permanent jobs in business operations. When employment rises, poverty levels decline, the economy grows, and payroll tax revenues increase. TDB's investments help to retain or create new jobs, whether through salaried employment, indirect employment, or by incorporating small producers into value chains. An example of this impact is TDB's financing of Dairibord Holdings Limited in Zimbabwe highlighted in case study 6. TDB's financing helped Dairibord expand its operations and increase employment by incorporating small-scale farmers into its operations. In generating employment and providing income for small scale farmers, Dairibord contributed towards reducing poverty (SDGs 1 and 8) and by increasing its food production capacity contributed towards reducing hunger (SDG 2).

YOUNG FEMALE PROFESSIONALS AT THE DAIRIBOARD PLANT IN HARARE, ZIMBABWE | IMAGE COURTESY OF TDB

CASE STUDY 6:

SUPPORTING LIVELIHOODS OF FARMERS AND VENDORS

NAME OF CLIENT

Dairibord Holdings Limited, Zimbabwe

FACILITY AMOUNT

USD 6 million

DATE EXTENDED

September 2011: USD 4.23 million
February 2014: USD 6.21 million

REPAYMENT DATE

March 2019

DEVELOPMENT OUTCOMES

Outcome 2: **Enhanced business performance**
Outcome 3: **Increased employment**
Outcome 6: **Increased intra and extra regional trades**

Dairibord Holdings is a large milk, food and beverage group with six subsidiaries, including the flagship Dairibord Zimbabwe (Private) Limited. In July 1997, Dairibord became the first state-owned company to privatize and list on the Zimbabwe Stock Exchange. Its products are sold locally through a network of channels, such as retailers, wholesalers, franchises, and street vendors. Dairibord also exports to Zambia, Botswana, Mozambique and South Africa.
The company obtained two loans from TDB: USD 4.1 million in 2011 for vehicles and equipment, and USD 6.0 million in 2014 for retooling its plants. Both loans were fully repaid, the last one in March 2019. The loans allowed Dairibord to grow and diversify, while meeting the necessary standards. Its plants comply with the requirements of the Environmental Management Agency and with those of its export markets.

Dairibord has a significant socio-economic impact, by generating foreign exchange, creating jobs, supporting small businesses and small farmers, and contributing to the wider community. It currently has 1,219 employees (536 permanent and 683 on short-term contract), of whom 189 are female. It has also created opportunities for over 800 street vendors (38% women). These street vendors have grown into small businesses in their own right, although the company gives them tools of the trade such as protective clothing and carts with cold-chain equipment. Its extensive route-to-market network indirectly contributes to employment in trade, merchandising and transport companies, as well as in its 14 franchises across the country.

The company provides substantial support to farmers. It works with 72 milk producers, six of which are milk collection centres involving over 200 small-scale farmers. Dairibord's Milk Supply Development Unit, which has five veterinarians and three milk supply development officers, provides extension services such as veterinary services, business training, and technical advice on production, maintenance, animal health, and the like. In 2018 the company's support to farmers through the unit was costed at USD 552,000.

Dairibord is involved in a range of community activities:

- **Promoting healthy lifestyles:** For the last six years, Dairibord has sponsored the High Schools Rugby Festival at a cumulative cost of USD 875,000. It has renewed its title sponsorship until 2022.
- **Support for vulnerable people:** On a budget of about USD 20,000 p.a., Dairibord supports three children's homes and a home for disabled children, as well as three homes for elderly people. After Cyclone Idai, Dairibord donated food, beverages and blankets to affected communities.
- **Educational support:** Since 2006, 67 children (42% female) have received financial support for secondary and tertiary-level education through Dairibord's bursary scheme. The company also provides on-the-job training; in 2019, it trained 11 graduate trainees and 26 student interns.
- **Environmental management:** Dairibord emphasizes clean manufacturing practices and treats effluent from its processing plants before discharge. In 2011, it established a polyethylene terephthalate (PET) recycling company (Petrecozim) with seven other PET packaging users to reduce the environmental footprint of post-consumer PET bottles. From time to time, Dairibord also donates refuse bins to local municipalities in support of their "Clean City" vision.

6.4 DEVELOPMENT OUTCOME 4: INCREASED ACCESS TO SOCIO-ECONOMIC INFRASTRUCTURE

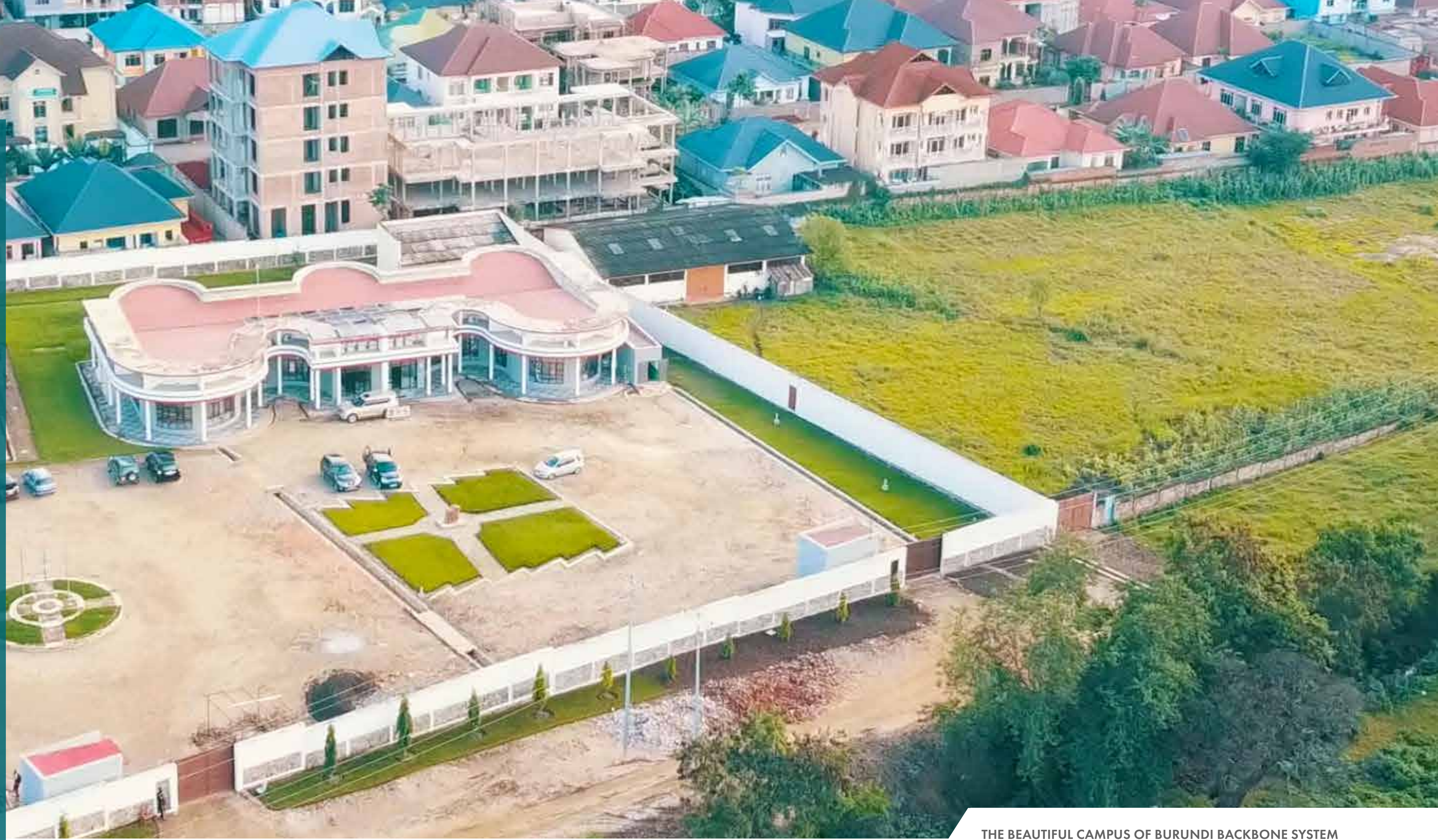
In the last five years, TDB has facilitated the structuring of up to USD 2.95 billion for rural and urban road networks, port and airport facilities, railways, water and sanitation, and energy generation and distribution in our Member States. Investment in infrastructure projects expands the national stock of infrastructure, which improves the productivity of the private sector, enhances health and education outcomes, increases energy security, facilitates ease of movement, reduces transportation costs, and promotes regional integration.

6.4.1 INVESTING IN CRITICAL INFRASTRUCTURE

Investment in infrastructure has a significant development impact:

- Better connectivity, both internally and externally, is a key enabler of inclusive development, especially for people in underserved areas. It also reduces the cost of doing business, which in turn encourages foreign investment and increases intra-regional trade, among other benefits.
- Investments in education and health infrastructure improve education and healthcare services and make them more accessible. This contributes to better literacy and health outcomes, which in turn help to increase labour force participation, incomes, and living standards.
- Investment in energy support infrastructure facilitates the distribution of power, which helps to ensure a vibrant manufacturing sector, create jobs, add value to local agricultural products, and make exports more competitive.

Case study 7 demonstrates an example of TDB's financing of the Burundi Backbone System Company and its contribution to increased access to infrastructure and improving strategic sector performance. In supporting these development outcomes, the project also contributes towards sustainable economic growth (SDG 8), building resilient infrastructure (SDG 9) and reducing infrastructure inequality between Burundi and other countries (SDG 10).



THE BEAUTIFUL CAMPUS OF BURUNDI BACKBONE SYSTEM IN BUJUMBURA, BURUNDI | IMAGE COURTESY OF TDB

CASE STUDY 7:

ENHANCING CONNECTIVITY

NAME OF CLIENT
Burundi Backbone System

FACILITY AMOUNT
USD 11.6 million

(AND DISBURSED USD 6.1 MILLION)
PLUS USD 2.0 MILLION PERFOMANCE GUARANTEE
(TOTAL PROJECT COST: USD 26.561 MILLION)

DATE EXTENDED
May 2013

REPAYMENT DATE
April 2023

DEVELOPMENT OUTCOMES
Outcome 4: Increased access to infrastructure
Outcome 5: Improved strategic sector performance

Launched in 2013, Burundi Backbone System Company (BBS) is a national internet infrastructure operator, comprising a consortium of Burundian telecom companies who worked together to build an open access, national fibre-optic network. The objective is to provide the widest range of very-high-speed access, covering a range of sectors, such as health, education, administration and industry, as well as the general public, at a competitive price.

BBS approached TDB for a loan and a guarantee to finance the network infrastructure; the performance guarantee was issued to ensure the supply, installation and operation of national optic telecommunications backbone. The network involves 1,700 km of fibre-optic cable at the national level, connecting all the key provinces of the country; 600 km of fibre-optic cable in Bujumbura; 22 main sites, including the provinces and capitals; and six border points with Tanzania, Rwanda, and the Democratic Republic of Congo.

Before BBS started, few people in Burundi were connected to the Internet, connections were costly, and speeds were very low. The very-high-speed access offered by the fibre-optic network has had a significant socio-economic impact, with the spread of the Internet clearly visible. It also generates foreign exchange and enhances regional integration. BBS is part of the Government Communication project launched in October 2013, with funding from the Government of Burundi and the support of the World Bank. Under the project, BBS connected 70 public institutions to the fibre-optic network. It is also part of the Burundi Education and Research Network (BERNET) project, through which 14 universities were connected in order to facilitate e-learning services. BBS aims to extend this network by connecting all universities in Burundi, both private and public. A number of schools and health centres are also online now in all regions of the country, at an affordable price.

BBS is involved in a range of outreach programmes. It sponsored computer equipment for secondary schools, helped to rehabilitate a storm-damaged school, provided student notebooks to the Niyongabo Foundation, whose mission is to assist orphans and underprivileged children, and co-sponsored a women's sports event on World Telecommunication Day.

THE METICULOUS FACILITY AT LAKE OIL IN DAR-ES-SALAAM, TANZANIA | IMAGE COURTESY OF TDB

6.5 DEVELOPMENT OUTCOME 5: IMPROVED STRATEGIC SECTOR PERFORMANCE

Another critical element of regional growth and development is ensuring that the strategic sectors underpinning the economy have sufficient, reliable inputs to improve their efficiency and productivity. This includes maintaining access to the vital supply of critical imports. One such critical product is food – food imports and exports are key to ensuring food security in our Member States.

Investments in energy enhance national energy security by increasing the installed capacity and reliability of the energy supply. This facilitates both the productivity of the private sector and accessibility and convenience for the public.

Key investments in the productive sectors can help reduce the need to import inputs, which can generate indirect benefits for the entire economy; they can also increase the domestic production of goods that have traditionally been imported. Investments can also promote high-value exports, which can make a significant contribution to economic growth and foreign reserves. This also applies to the export of services, such as tourism and transportation.

6.5.1 FINANCING CRITICAL IMPORTS

Trade finance can ensure the strategic sectors that are vital to our member economies have sufficient and consistent access to critical inputs, such as energy. Case study 8 demonstrates TDB's support towards Member States' acquisition of strategic imports that drive economic growth (SDG 8). The case study elaborates TDB's support towards Lake Oil Limited's operations importing clean petroleum products to support the energy sector in Tanzania.

CASE STUDY 8:
SUPPORTING STRATEGIC OIL IMPORTS

NAME OF CLIENT
Lake Oil

FACILITY AMOUNT
USD 30 million

FACILITY TYPE
Receiving Facility

DATE EXTENDED
September 2017

DEVELOPMENT OUTCOMES
Outcome 2: **Enhanced business performance**
Outcome 5: **Improved strategic sector performance**

8 DECENT WORK AND ECONOMIC GROWTH

Lake Group is a fast-growing energy trading and logistics conglomerate in East and Central Africa and the Middle East. Lake Oil, the first company in the group, was incorporated in 1998. Headquartered in Tanzania, the group imports and distributes white petroleum products in Tanzania, Zambia, the Democratic Republic of Congo, Burundi, Kenya, Ethiopia and Rwanda. It is active across the region in a range of sectors, including downstream oil and gas, logistics, industrial supplies, and port extension services. The group operates a fleet of over 700 trucks and runs 85 fuel stations in Tanzania.

In 2017, TDB approved a USD 30.0 million revolving structured oil import facility in favour of the company to enable it increase fuel imports. Its importation of refined fuel into Tanzania is under collateral management by Global Collateral Control (Pty) Limited, partnering with Inspectorate (East Africa) Limited. This covers both bulk procurement under the Tanzania's Bulk Procurement System (which consolidates the country's requirement for clean petroleum products under one bulk importer) and procurement for trading via the company's retail outlets.

The TDB facility has enabled Lake Oil to increase not only imports but also employment. Lake Oil has 2,700 employees and Lake Lubes Limited about 250. Around 1,700 people are employed at the petrol stations, most of whom are aged between 22 and 30 years, and almost half are female. Lake Oil ensures that staff undergo regular health and safety training.

Lake Oil complies with stringent government requirements in a highly regulated industry. The Lake Oil terminal is situated in an industrial area, far from the surrounding community. Once the suppliers bring in the fuel, it is analysed by the Tanzania Bureau of Standards to ensure that it does not contain any additives. The group is also investing in and promoting the use of liquefied petroleum gas (LPG), which is cheaper and more environmentally friendly. However, the uptake of LPG among local households is limited, in part because of the high upfront cost of cylinders and accessories.

Through the Lake Oil Foundation, the group provides significant support to the community, including scholarships for poor students, and the rehabilitation of schools and hospitals.

6.5.2 INVESTING IN ENERGY SECURITY

TDB also supports energy security in the region and the growth of renewable energy sources. TDB's support of energy projects contributes to increased access to infrastructure and improved strategic sector performance. Case study 9 highlights TDB's support towards the Zimbabwe Power Company to upgrade the hydropower station in Kariba. This project also shows TDB's contribution towards supporting clean energy (SDG 7), building resilient infrastructure (SDG 9) and partnering with other finance institutions to provide financing for ZPC (SDG 17).

ZIMBABWE POWER COMPANY (ZPC) OPERATES THE HYDROPOWER STATION AT KARIBA SOUTH | IMAGE COURTESY OF DEPOSITPHOTOS

CASE STUDY 9:

SUPPORTING THE ENERGY SECTOR TO ENCHANCE ECONOMIC PERFORMANCE

NAME OF CLIENT
Zimbabwe Power Company

FACILITY AMOUNT
Stanbic Bank Zimbabwe: USD 30 million
TDB: USD 30 million
Standard Bank Namibia: ZAR 650 million

DATE EXTENDED
September 2015

REPAYMENT DATE
September 2021

DEVELOPMENT OUTCOMES
Outcome 4: **Increased access to infrastructure**
Outcome 5: **Improved strategic sector performance**

Zimbabwe Power Company (ZPC) was incorporated in 1996 to construct, operate and maintain power generation stations. In addition to the hydropower station at Kariba South, it operates four coal-fired power stations (Hwange, Bulawayo, Munyati and Harare), for a total installed capacity of 1,960 MW. ZPC is a subsidiary of the state-owned power utility, ZESA Holdings (Private) Limited.

ZPC required funding for rehabilitating the ageing Kariba station. While Kariba had an installed capacity of 750 MW capacity, only 500 MW was available because of equipment problems. ZPC also undertook a second project, with Chinese funding, to add another 300 MW of capacity. TDB participated in a syndicated loan with Stanbic Zimbabwe and Standard Bank of Namibia, in which it provided USD 30 million of the USD 60 million USD facility required for the rehabilitation. The loan is secured through cession of a power purchase agreement with NamPower (80 MW) and cession of the USD and ZAR revenue collection held at Standard Bank Namibia. Loan repayments are linked to these exports, which are paid through an offshore facility housed by Standard Bank Namibia. This innovative form of funding avoids exchange rate risk. After the rehabilitation and expansion, Kariba now has a dependable capacity of 1,050 MW.

In addition to the generation of much-needed power (and foreign exchange), Kariba contributes to employment and local economic development. The power station has 272 permanent employees (24 women) and provides training to 54 trainees (50 apprentices and 4 trainee operators, of whom 10 are female). It also trades with 170 local suppliers.

From an environmental perspective, the company complies with the requirements of the Environmental Management Agency, and the facility is inspected annually. Before the project commenced, ZPC identified environmental and social risks upfront and drew up management plans to mitigate these risks. The Kariba South Power Station is particularly vulnerable to climate change and drought. Prolonged drought poses hydrological risks and may affect the generation of electricity and, hence, exports.

ZPC also supports the wider community. It has invested heavily in educating young people through scholarships, graduate training programmes and apprenticeship opportunities. At Kariba itself, the company also sponsors ZPC Kariba Football Club and has refurbished their home ground, the Nyamhunga stadium. Other notable projects in Kariba include the construction of a classroom block at Mahombekombe Secondary School, the construction of the Ruia Bridge in 2016, and support for the local hospital.

THE BEAUTIFUL EDEN ISLAND IN SEYCHELLES
| IMAGE COURTESY OF DEPOSITPHOTOS

6.5.3 FINANCING STRATEGIC SECTORS

TDB's investment in the strategic sectors that generate foreign exchange or are significant contributors to GDP can bring direct and indirect benefits for the entire national economy. Case study 10 highlights an example from the tourism sector in Seychelles. TDB supported a project on Eden Island to develop residential properties beneficial to the tourism industry in the country. Investing in property development increases the capacity of the island to house more tourists that bring foreign currency and also generates employment in the tourism sector. The Eden Island project also contributes towards economic growth of the island (SDG 8). Building resilient infrastructure (SDG 9) and by supporting income generating industries the project contributed towards SDG 10; reducing income inequality between Seychelles and other advanced economies.

CASE STUDY 10:

TOURISM AND DEVELOPMENT

NAME OF CLIENT
Eden Island, Seychelles

FACILITY AMOUNT
USD 45 million in total;
current facility USD 10 million

FACILITY TYPE
Project infrastructure and Finance loan

DATE EXTENDED
First loan September 2010;
current loan June 2019

TENOR
36 months from drawdown

DEVELOPMENT OUTCOMES
Outcome 2: **Enhanced business performance**
Outcome 3: **Increased employment**

Eden Island is a luxury residential marina development in the Seychelles archipelago, near the capital island of Mahé. The development has about 578 residential properties, from apartments to villas, and features a deepwater marina, private beaches and high-end facilities, along with an upmarket retail centre, Eden Plaza. The developer, Eden Island Development Company (Seychelles) Limited, started operating in 2005 and obtained its first loan from TDB (then PTA Bank) in 2010, for USD 10.0 million. Since then, it has obtained three additional loans, in April 2011, March 2013 and June 2019, the latter for a new phase in the development, Eden View Village.

The high-quality Eden Island units have seen strong demand, mainly from international buyers; their sales have brought in considerable foreign exchange (see below). Eden View Village, which is currently under development, is smaller, and some units are tailored to the needs of local people.

From an environmental perspective, the development adhered to the strict environmental regulations in Seychelles and was regularly inspected by the environmental department. Eden is sheltered against harsh seas by a small island in front of it and is protected against rising sea levels by an embankment.

Eden Island has had a significant impact on the economy and people of the Seychelles, both directly and indirectly. Apart from the direct expenditure on the project, the indirect effects include attracting inward investment, stimulating tourism and spending in the local economy, and creating entrepreneurial activities.

The direct and indirect economic impact of the project was estimated based on data from the developer and the Central Bank of Seychelles, using actual figures for 2005–18 and estimated figures for 2019. This calculation suggests that Eden Island contributed about 3% of the GDP of Seychelles between 2005 and 2019. It also accounted, directly and indirectly, for about 24% of foreign direct investment. Its net positive effect on the balance of payments is estimated at USD 500 million, of which about 40% can probably be ascribed to the spending of new high-net-worth residents and tourists. Eden also contributed over USD 150 million to government revenue.

The project's socio-economic benefits include creating employment and entrepreneurial opportunities, supporting capacity building and skills transfer, and enhancing the national image. While the development has created significant employment during the construction phase, its impact on the labour force has been much wider. The company provided capacity building to help people start their own businesses, and service enterprises sprang up in sectors such as transport; service and maintenance; banking and insurance; agency functions (e.g. childcare); boating; the beauty industry; inbound operations and procurement; logistics; medicine and pharmaceuticals; and food and entertainment. The economic impact assessment puts new entrepreneurial opportunities for residents at about 1,700 in the low season and about 2,000 in the high season. The company also supported the wider community, for instance by building markets and playgrounds.

6.5.4 FINANCING IN LINE WITH OUR MEMBER STATES' STRATEGIC PRIORITIES

In partnering with Member States to finance their development objectives, TDB directly contributes to SDG 17. Other development outcomes and SDGs met depend on Member States' development goals which can include more than one development outcome or SDG. TDB's support of the Government of Malawi highlights this example. Case study 11 shows how TDB's financing contributed to the Government of Malawi's development outcomes which included trade and agricultural diversification, improving productivity of strategic commodities, enhancing the stability of energy supplies and promoting financial deepening. In supporting the Government of Malawi in meeting these development outcomes, TDB contributes towards the achievement of reducing poverty through supporting access to financing (SDG 1), reducing hunger by supporting agriculture diversification (SDG 2) and reducing Malawi's income inequality with other countries through promoting financial deepening (SDG 10).

CASE STUDY 11:

SUPPORTING THE MEMBER STATES' GROWTH AND DEVELOPMENT STRATEGY

NAME OF CLIENT
Government of Malawi

FACILITY AMOUNT
USD 307 million

FACILITY TYPE
Sovereign loan

DATE EXTENDED
June 2018

REPAYMENT DATE
36 months from drawdown

DEVELOPMENT OUTCOMES
Outcome 1: **Improved access to finance**
Outcome 4: **Increased access to infrastructure**
Outcome 5: **Improved strategic sector performance**

KWACHA AND RESERVE BANK OF MALAWI MZUZU BRANCH | IMAGE COURTESY OF SHUTTERSTOCK AND RESERVE BANK OF MALAWI

In line with the Malawi Growth and Development Strategy, TDB supports the country's strategic agricultural and energy sectors. In 2018, the Bank approved a global medium-term (three-year) revolving facility of USD 307 million to the Malawi Reserve Bank. The main objectives of the strategy are:

- Facilitating trade and agricultural diversification: In terms of Malawi's agricultural diversification strategy, the Export Development Fund targets non-traditional crops (other than tobacco) to generate foreign exchange. The aim is to develop the productive base, enhance export capacity, ensure export competitiveness, and promote economic empowerment.
- Improving the productivity of strategic commodities (e.g. maize): The Fertilizer Subsidy Programme enables farmers to access farm inputs at affordable prices; the aim is to increase production and thereby enhance food security, while also providing surpluses for export.
- Enhancing the stability of energy supplies: The facility helps to ensure that at least 50% of Malawi's petroleum requirements are met, with a two months' supply reserve; such stability of supply is particularly important for a landlocked country. It also supports electricity generation, which helps to power industrial activities and increase household access to energy.
- Promoting financial deepening: The facility provides liquidity to the Malawi Reserve Bank, which is made available to local banks for on-lending to local SMEs. It also helps to stabilize the country's foreign exchange position.

6.6 DEVELOPMENT OUTCOME 6: INCREASED INTRA- AND EXTRA-REGIONAL TRADE

TDB supports trade in a number of ways, bringing wide-ranging benefits. Our facilitation of exports and imports enhances regional trade and integration, promoting economic growth on the continent. We help to support high-value exports, which significantly contribute to economic growth and foreign reserves. Our finance for businesses helps them to expand production and to comply with the required standards in export markets. This facilitates growth in intra- and extra-regional exports. TDB's support for the development of transport infrastructure and logistics helps to reduce the cost of moving goods across borders and increases the competitiveness of intra-regional trade. We also support national export development agencies by providing revolving loan facilities to allow countries to exploit their export development potential and generate foreign exchange.

6.6.1 SUPPORTING INTRA-REGIONAL EXPORTS

TDB's financing promotes intra-regional trade between Member States. Case study 12 demonstrates how TDB's support for Lilongwe Dairy Limited in Malawi contributed towards facilitating trade between Malawi and other Member States namely the Democratic Republic of Congo, Mozambique, Zambia and Zimbabwe. In supporting these food exports, TDB's loan contributed towards the achievement of reducing poverty by increasing employment at Lilongwe Dairy Limited (SDG 1), reducing hunger by encouraging food exports in the region (SDG 2) and contributing towards economic development by supporting exports which generate income (SDG 8).

A DAIRY FARMER AND BENEFICIARY OF THE MILK VALUE ADDITION SUPPLY CHAIN | IMAGE COURTESY OF LILONGWE DAIRY

CASE STUDY 12:

EXPORTING TO REGIONAL MARKETS

NAME OF CLIENT

Lilongwe Dairy Limited, Malawi

FACILITY AMOUNT

Total: USD 2.235 million
Loan 1: USD 1.325 million
Loan 2: USD 1.0 million

FACILITY TYPE

Project and Infrastructure Finance loan (co-financing)

DATE EXTENDED

Loan 1: August 2004
Loan 2: October 2010

REPAYMENT DATE

October 2017

DEVELOPMENT OUTCOMES

Outcome 2: **Enhanced business performance**
Outcome 3: **Increased employment**
Outcome 6: **Increased intra and extra regional trades**

Lilongwe Dairy is a family-owned company that processes milk and milk products. It holds over 60% of the raw milk market share and over 70% of the processed milk market share in Malawi. The most noteworthy aspect of the company is its innovative business model – about 99% of its milk is obtained from subsistence farmers, who have only one or two cows per household.

The company started in 2001 from a small unit in the Lilongwe industrial area, primarily based on the importation of milk powder. The dairy factory was established the following year. While growth was sound, the company struggled to supply fresh milk to the whole country, as refrigeration systems were only available in urban areas. In 2004 it approached TDB with a proposal to establish the first-ever UHT plant in Malawi; TDB's first disbursements were made the following year. By 2008/09, the company achieved market leadership.

Lilongwe Dairy was aware that small farmers produced decent quantities of milk in southern Malawi but were often unable to sell their milk; at peak production times, some farmers had to throw milk away. Despite the significant institutional and logistical barriers to collecting milk from small farmers, the company saw this as an opportunity for innovation. Its investment in this process "rescued the diary sector in the southern region with the help of TDB". While initial milk collections were as little as 20–30 kilolitres per month, growth has been rapid. The estimate for collections in 2019 is about 2 million litres. Over time, Lilongwe Dairy has invested USD 1.0 million in infrastructure (e.g. local-level generators) in rural areas, which reduced losses in its supply chain from 12% to 2%. The company also provides interest-free loans for farmers to procure animals (in 2018 alone, 180 new farmers were established in this way), buy inputs, and invest in equipment to chill the milk before collection. Teams in rural areas provide extension services for husbandry.

In 2010, Lilongwe Dairy approached TDB again to fund the first-ever Tetra Pak filling line in Malawi, which contributed to substantial growth in its capacity, turnover and profits. It also attracts finance from local banks for new projects, and its products include milk, fermented products (e.g. yoghurts), juices, dairy drinks, butter and cheese. While Malawi was previously a net importer of dairy, Lilongwe Dairy now exports to countries including the Democratic Republic of Congo, Zimbabwe, Zambia and Mozambique. The company has created permanent employment for 154 employees (2017), of whom 40% are female. Large numbers of distributers and retailers, including small shops, also benefit from its activities.

A noteworthy achievement is that Lilongwe Dairy won a USD 100,000 matching grant from the Malawi Innovation Challenge Fund, a USD 22 million donor-funded, competitive mechanism that provides grant finance for innovative projects proposed by the private sector in the agriculture, manufacturing and logistics sectors. The Challenge Fund project established an end-to-end traceability system with targeted agro-vet services for farmers in the dairy supply chain and through this, offered a premium for high-quality milk supplied by smallholder farmers. It anticipated improving the incomes of 2,485 farmers by 145% through increased productivity. Lilongwe Dairy was the first company to reach its Challenge Fund targets within the set time.

THE EXPORT DIVERSIFICATION PROGRAMME PROMOTES HORTICULTURE AND OTHER CROPS LIKE PEAS | IMAGE COURTESY OF SHUTTERSTOCK

6.6.2 SUPPORTING THE EXPORT DEVELOPMENT OF OUR MEMBER STATES

Exports are an important revenue stream for our Member States and TDB supports the development of the export sector in these countries. Case study 13 demonstrates this support through the Malawi Export Development Fund supported by TDB. Supporting this fund improves access to finance for the Government of Malawi, enhances business performance for beneficiary companies, improves the export sector performance and promotes Malawi's intra-and extra-regional trade. In supporting these development outcomes, the project also directly contributed towards the achievement of zero hunger (SDG 2) and economic growth through supporting exports from Malawi (SDG 8).

CASE STUDY 13:

EXPORT DIVERSIFICATION AND GROWTH

NAME OF CLIENT

Reserve Bank of Malawi-Export Development Fund

FACILITY AMOUNT

Revolving facility: USD 120 million

DATE LAUNCH

September 2017

DEVELOPMENT OUTCOMES

Outcome 1: **Improved access to finance**
Outcome 2: **Enhanced business performance**
Outcome 5: **Improved strategic sector performance**
Outcome 6: **Increased intra and extra regional trades**

TDB's sovereign facility through the Reserve Bank of Malawi supports the Export Development Fund Limited via a USD 120 million revolving facility. The Fund was set up by the Government of Malawi, through the Reserve Bank of Malawi, to exploit the country's vast export potential and generate much-needed foreign exchange. To this end, the Fund:

- Provides financial resources for export diversification and growth;
- Offers term loans, structured finance, and other financial services to exporters;
- Provides advisory services for the development of high-impact projects and programmes;
- Engages in developmental market-making activities;
- Assists other institutions with the management of specific funds.

The focus areas of the Fund are:

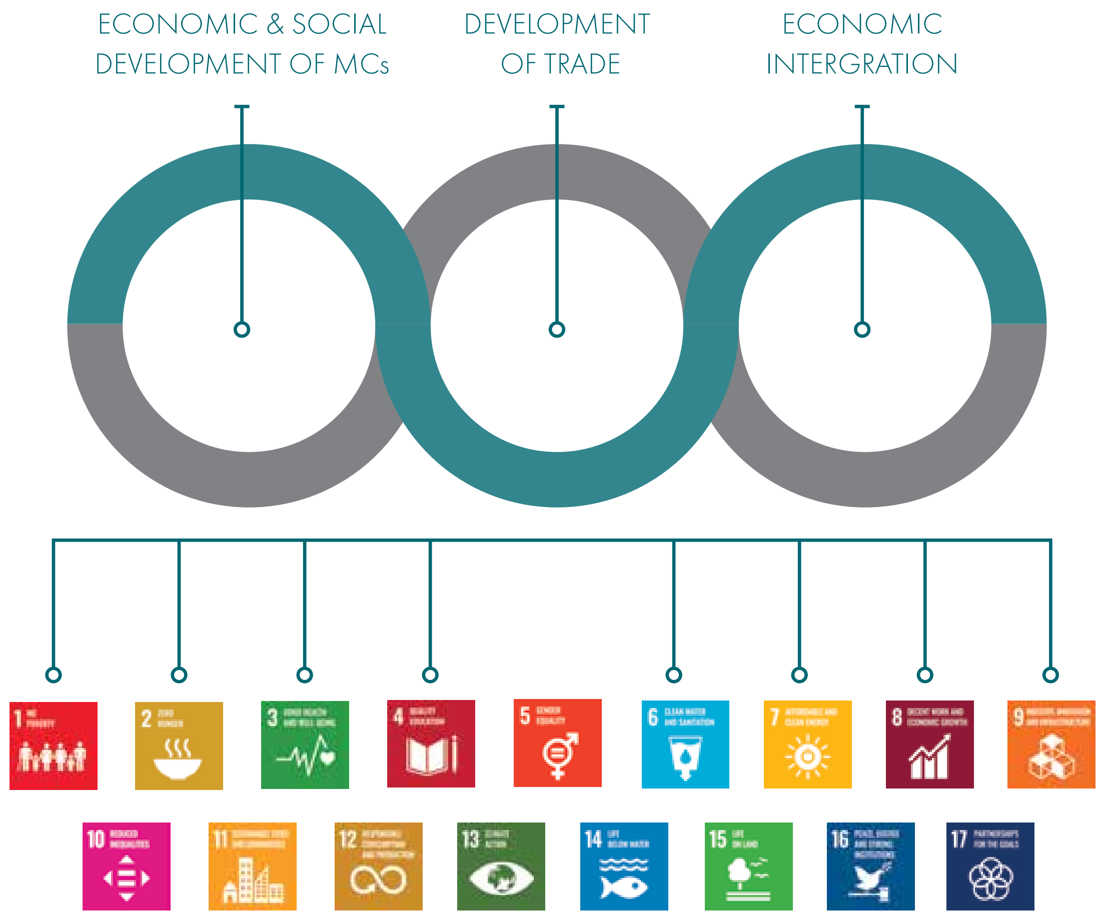
- **Agriculture:** Promoting high-value export crops, such as soybean, cotton, pigeon peas, groundnuts, rice, coffee and sunflowers, among others;
- **Manufacturing:** Supporting exportable products and those aimed at substituting imports;
- **Mining:** Facilitating the development of mining projects;
- **Tourism:** Developing tourism potential, including the financing of attraction centres and related activities.

The Fund has already achieved significant results, helping to generate foreign exchange and support the livelihood of small farmers:

- It assisted in aggregating, from many small farmers, various crops for export.
- It facilitated the procurement and processing of pigeon peas and pulses for export. About 16,000 metric tonnes of pigeon peas and pulses were procured and processed by entrepreneurs. The export of these crops generated approximately USD 10.8 million.
- It supported a sugar producer that processes sugar from raw cane grown by several hundred out-grower farmers.

7. TDB'S **CONTRIBUTION TO THE SDGs**

Figure 11: TDB's Development Themes align with the SDGs



The sustainability framework also includes a detailed mapping of our operations to the SDG targets, as reflected in Figure 17. Figure 18 shows how TDB contributes to the advancement of each of the relevant SDGs. Many of our investments have a direct impact on more than one SDG, while our operations as a development finance institution directly contribute to SDGs 10 and 17. The case studies in this section demonstrate how our development impact aligns with specific SDGs. As noted in section 6, they also reflect our clients' own initiatives to enhance sustainable development, which we are pleased to showcase here.

Table 4: TDB's Role and Selected SDGs

Sustainable Development Goal		Role of TDB
1 NO POVERTY	**NO POVERTY:** End poverty in all its forms everywhere.	Providing loans, SME lending and infrastructure investments that increase employment, raise incomes, improve social amenities, and reduce poverty. This mobilizes resources for lending, including through other development finance institutions and partners, or via syndications.
2 ZERO HUNGER	**ZERO HUNGER:** End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.	Facilitating agricultural imports and inputs for domestic production, which enhance agricultural productivity and food security. Export development programmes provide technical assistance and strengthen value chains, including for small producers.
4 QUALITY EDUCATION	**QUALITY EDUCATION:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Providing financing solutions to educational establishments in our Member States.
7 AFFORDABLE AND CLEAN ENERGY	**AFFORDABLE AND CLEAN ENERGY:** Ensure access to affordable, reliable, sustainable and modern energy for all.	Investing in energy infrastructure, with a targeted focus on renewable energy.
8 DECENT WORK AND ECONOMIC GROWTH	**GOOD JOBS AND ECONOMIC GROWTH:** Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.	Our investments contribute to new technology, higher productivity, the development of strategic industries, and economic diversification. They generate employment in large and small enterprises, exporters and importers, and the construction and operation of infrastructure.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**INDUSTRY, INNOVATION AND INFRASTRUCTURE:** Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.	Investing in transportation, social, economic, ICT, regional and trans-border infrastructure, as well as in sustainable manufacturing. Such investments increase employment and growth. Our lines of credit, loan guarantees and export development facilities increase SME access to credit and their integration into value chains.
10 REDUCED INEQUALITIES	**REDUCED INEQUALITIES:** Reduce inequality within and among countries.	Crowd-in external capital and partners for investment in our Member States.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**RESPONSIBLE CONSUMPTION AND PRODUCTION:** Ensure sustainable consumption and production patterns.	Through our ESMS policy, we ensure our investments in productive sectors cause minimal environmental damage, and any potential adverse impact is mitigated against.
17 PARTNERSHIPS FOR THE GOALS	**PARTNERSHIPS FOR THE GOALS:** Strengthen the means of implementation and revitalize the global partnership for sustainable development.	Mobilizing financial resources to support Member States to implement the SDGs. We engage with local and international partners to provide financial and non-financial services to support the sustainable development of our Member States.

7.1 SDG 1 - NO POVERTY

TDB strives to alleviate poverty in our Member States through our operations. About 10% of the global population live in absolute poverty, subsisting on less than USD 1.90 per day; most of these people are in sub-Saharan Africa. Poverty has many dimensions, and its causes include insecure livelihoods, inadequate access to services, social exclusion, and vulnerability to environmental conditions, diseases and the like.

TDB supports operations that address the causes of poverty in our Member States, as shown in the case studies below. We finance companies that seek to generate employment and create livelihoods; this helps to lift people out of poverty. We finance projects that provide access to infrastructure, such as health and education, to reduce the burdens of poverty, promote social inclusion, and create opportunities for all. And through the implementation of our environmental and social policies, we ensure that our projects do not make (already marginal) communities even more vulnerable to disaster and disease. Case study 14 demonstrates an example of our contribution towards SDG 1 through our support for the Tanganda Tea Company in Zimbabwe.

CASE STUDY 14:

ZIMBABWE TEA FARMERS ENJOY MORE STABLE INCOME

NAME OF CLIENT

Tanganda Tea Company Limited, Zimbabwe

FACILITY AMOUNT

USD 8.4 million

DATE EXTENDED

April 2013

REPAYMENT DATE

September 2018

DEVELOPMENT OUTCOMES

Outcome 2: **Enhanced business performance**
Outcome 3: **Increased employment**
Outcome 6: **Increased intra and extra regional trades**

TANGANDA TEA ESTATE IN CLEARWATER, ZIMBABWE; EMPHASIS IS PLACED ON SUSTAINABLE AGRICULTURE | IMAGE COURTESY OF TANGANDA TEA COMPANY

Tanganda Tea Company Limited is the largest tea and coffee grower in Zimbabwe. It is a subsidiary of the Meikles Group, which owns hotels, supermarkets and department stores. Tanganda started in the 1920s in the Chipinge district in eastern Zimbabwe as a tea-growing experiment, and now comprises six estates on over 6,000 ha of land, with a combined yield of 10,000 tonnes of tea per year. To smooth its cash flow, the company diversified into other crops, and its tea estates are now inter-cropped with coffee, avocados (on 458 ha) and macadamia nuts (on 779 ha). Tanganda also opened a mineral water plant in 2006, which bottles water from one of the perennial springs on its estates.

TDB supported Tanganda's expansion and diversification programme with three loans (USD 1.3 million in 2008, USD 1.7 million in 2010 and USD 8.4 million 2013) to finance the expansion of the plantations, machinery and equipment, and vehicles (e.g. tractors and trucks). When the prolonged drought in the region severely affected crops, TDB extended the grace period on the third loan.

With about 5,500 employees, Tanganda has a significant socio-economic impact on the region. It provides an important source of stable income in challenging economic conditions, and its tea exports generate considerable foreign exchange. This contribution has been recognized – in each of the last two years, it was voted National Exporter of the Year in the agricultural and manufacturing sectors in Zimbabwe.

Since 1989, Tanganda Tea has worked with nearly 800 out-growers in the Tanganda Outgrowers Scheme in Chipinge. Small-scale farmers who participate in the scheme provide green leaf to the company and also grow potatoes to stabilize their cash flow. This year avocados and macadamias will be added to the programme. Tanganda will provide the seedlings, along with extension work and transportation for the crops. It also guarantees to buy all crops produced by the farmers. The company funded and supported 870 small-scale farmers to achieve Rainforest Alliance certification, including some who are not currently part of the out-grower scheme.

Other community initiatives include the provision of medical care and clinics for workers, and schools for children in the surrounding communities. For the past 15 years, Tanganda has been the sole sponsor of netball in Zimbabwe; its support has helped the national netball team become world-class competitors. The company has also sponsored the Tanganda Marathon for two decades.

Tanganda Tea is certified to ISO 9001:2015 (Quality management systems) and is gearing up for certification to ISO 22000 (Food safety management systems). The company grows trees for use in boilers, for example; once the trees have been harvested, the land is allowed to lie fallow before bluegum trees are replanted. Climate change has significantly increased the incidence and severity of drought in Zimbabwe, harming both yields and the quality of the crops. To mitigate this risk, the company installed solar power systems to allow it to continue irrigation during droughts; it is also investing in water-saving micro-jet irrigation.

7.2 SDG 2 - NO HUNGER

Food security is a high-priority strategic sector for our Member States. Sub-Saharan Africa has the highest prevalence of hunger, with the number of undernourished people increasing from 195 million in 2014 to 237 million in 2017. This number is expected to increase, as climate change contributes to severe droughts that adversely affect food production in the region. As part of our commitment to assisting our Member States achieve SDG 2, we finance transactions that facilitate both agricultural imports and inputs for domestic agricultural production. This enhances food security, increases agricultural productivity, and raises the incomes of small-scale producers. Our finance for export development programmes also helps to provide technical assistance and develop agricultural value chains. Case study 15 demonstrates an example of our contribution towards SDG 2 through our support of the Fertilizer Subsidy Programme in Zambia.

CASE STUDY 15:

INCREASED FOOD SECURITY

NAME OF CLIENT

Zambia's Fertilizer Subsidy Programme

FACILITY AMOUNT

USD 160 million

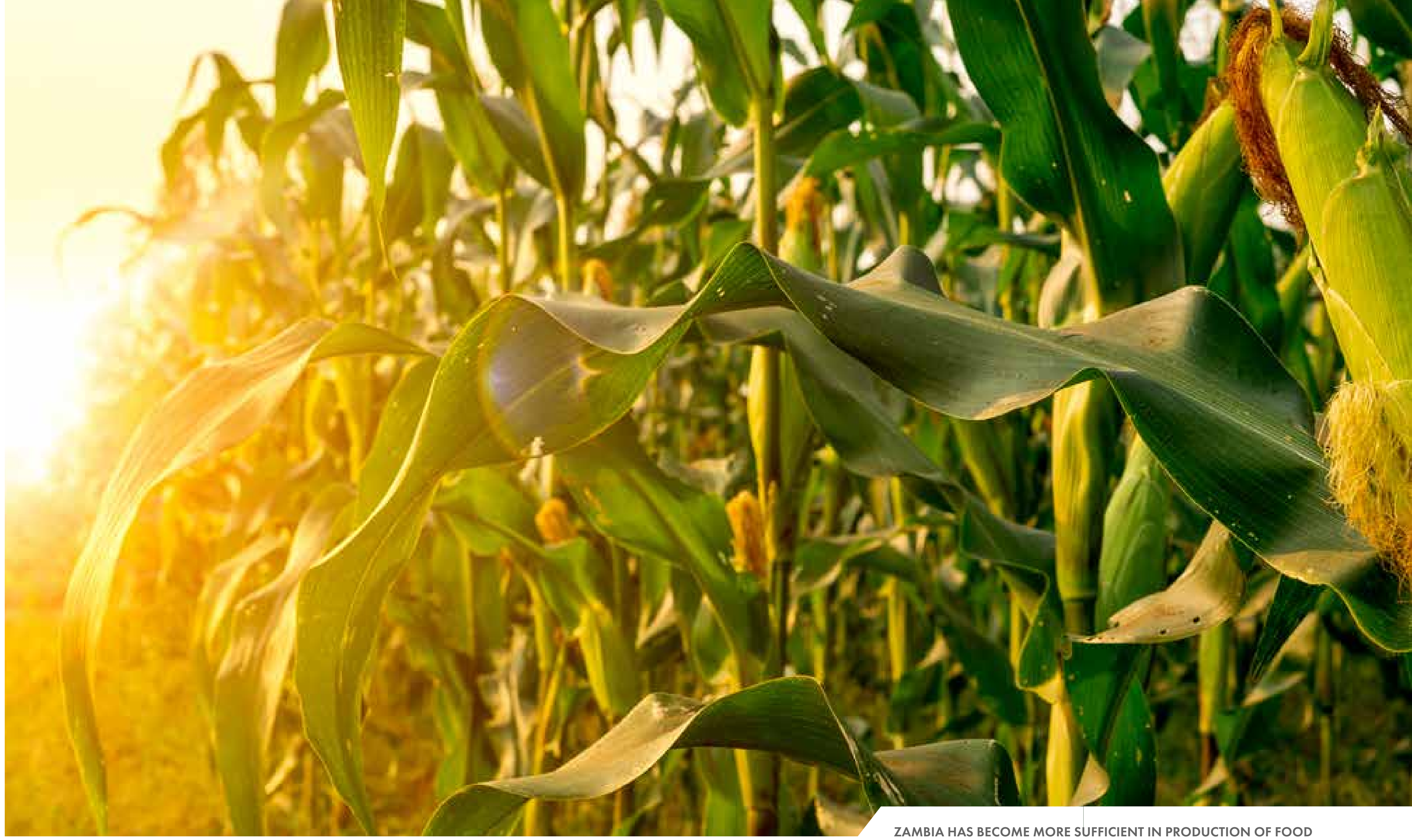
DATE EXTENDED

December 2018 and November 2019 (Seasonal facilities)

DEVELOPMENT OUTCOMES

Outcome 2: **Enhanced business performance**

Outcome 5: **Improved strategic sector performance**



ZAMBIA HAS BECOME MORE SUFFICIENT IN PRODUCTION OF FOOD GRAINS SUCH AS MAIZE | IMAGE COURTESY OF ADOBE STOCK

TDB's sovereign lending supports the Government of Zambia's Fertilizer Subsidy Programme. This includes a revolving, uncommitted and secured multi-product trade finance facility (USD 160 million over the past two years) through an intermediary bank, the African Banking Corporation (Atlas Mara Zambia Limited). Atlas Mara finances local entrepreneurs who are contracted to supply fertilizer to the Ministry of Agriculture; this fertilizer is then provided to small-scale farmers at a subsidized price. This has helped the country become more self-sufficient in the production of key food grains, such as maize, thus increasing food security. Financing through the Fertilizer Subsidy Programme enables resource-poor farmers to access inputs at affordable prices, which raises their productivity and incomes. In addition to supporting inputs, the facility assists in the importation of grains. Under the 2020 Farmer Input Support Programme, it assisted in the importation of 830 metric tonnes of maize, 1,825 metric tonnes of soybeans, 1,810 metric tonnes of sorghum, and 1,834 metric tonnes of groundnuts, with an estimated value of USD 60.0 million. It also helped to aggregate, from many small farmers, over 100,000 metric tonnes of rice for export.

7.3 SDG 4 - QUALITY EDUCATION

TDB provides funding for education facilities. One target of SDG 4 is to build and upgrade education facilities that are child-, disability- and gender-sensitive and provide safe, non-violent, inclusive and effective learning environments for all. Case study 16 demonstrates an example of our contribution towards SDG 4 through our support of the Peterhouse Group of schools in Zimbabwe.

CASE STUDY 16:

IMPROVED EDUCATION FACILITIES FOR GIRLS

NAME OF CLIENT
The Peterhouse Group, Zimbabwe

FACILITY AMOUNT
USD 8.4 million

FACILITY TYPE
Project and Infrastructure Finance loan

DATE EXTENDED
October 2012

REPAYMENT DATE
January 2020

DEVELOPMENT OUTCOMES
Outcome 4: Increased access to infrastructure

LOCATED IN MARONDERA, PETERHOUSE ENCOURAGES STUDENTS TO ENGAGE IN EXTRA-CURRICULAR ACTIVITY | IMAGE COURTESY OF PGS

Peterhouse is a top-end private boarding school in Zimbabwe and one of the premier independent schools in southern Africa. The Peterhouse Group comprises three schools and a nursery: 1) Peterhouse Boys, founded in 1955, is a full boarding school for over 450 boys (Forms 1–6); 2) Peterhouse Girls, founded in 1987, has over 430 students (Forms 1–6), the vast majority of whom are full-boarders; 3) Springvale House, founded in 1985, caters for over 200 boys and girls, a mix of weekly boarders and day-scholars in Grades 1–7; and 4) Peterhouse Nursery School (at Peterhouse Boys) caters for 40 pre-school boys and girls. The schools are situated on two estates just outside Marondera, about 80 km east of Harare, and share two conservation areas, Calderwood Park and Gosho Park.

Peterhouse receives a significant number of applications every year, many more than they can absorb. To increase its capacity to enrol girls, the Peterhouse Group approached TDB for finance. TDB provided USD 8.4 million for new infrastructure for Peterhouse Girls, including the construction of new facilities, a dining hall, dormitories, and sports fields.

While Zimbabwe has a culture of emphasizing education, affordability is an issue in the unstable economic climate. To facilitate the enrolment of academically deserving children from poorer areas, the group offers development places for students, many of whom are senior girls. Since 2009, it has provided over 150 bursaries and almost 20 scholarships, worth over USD 800,000. The school actively encourages its students to be involved in their communities, for example in old-age homes and orphanages. The group has also provided staff accommodation villages; 600–700 people live in the area, excluding teachers and staff. In addition, it funded a school on its land for use by the children of its staff.

7.4 SDG 7 - AFFORDABLE AND CLEAN ENERGY

TDB strategically invests in energy infrastructure, with a specific focus on renewable energy. This supports SDG 7's targets of ensuring universal access to affordable, reliable and modern energy services and substantially increasing the share of renewable energy in the global energy mix. Case study 17 demonstrates an example of our contribution towards SDG 7 through our support of the Nkusi Small Hydropower Plant in Uganda.

CASE STUDY 17:

RENEWABLE ENERGY IN UGANDA

NAME OF CLIENT

Nkusi Small Hydropower Plant, Uganda

FACILITY AMOUNT

USD 13.71 million

FACILITY TYPE

Blended finance: TDB loan finance, along with sponsors' equity and grant funding from KfW GET FiT programme

DATE EXTENDED

August 2015

REPAYMENT DATE

August 2026

DEVELOPMENT OUTCOMES

Outcome 1: **Improved access to finance**

Outcome 4: **Increased access to infrastructure**

THE NKUSI HYDROPOWER PLANT IS LOCATED IN A REMOTE LOCATION; IT IS INSTRICT ALIGNMENT WITH GLOBAL AND MUNICIPAL STANDARDS | IMAGE COURTESY OF TDB

TDB co-financed a run-of-the river hydropower project in a remote area in Uganda in 2016. The 9.6 MW power plant is situated on the Nkusi River at Lake Albert, near the fishing village of Nguse. Project components include a 905-metre tunnel, a penstock, weir and dam, a powerhouse pier, and accommodation. A 30-km long 33 kV transmission line was being constructed in 2019 to link the project with the regional trunk line. Financed by the Government of Norway for USD 2.6 million, the aim of this line is to reduce the number of shutdowns and, hence, the equipment damage caused by an unstable grid.

The project provides sustainable, renewable energy to help address power shortages in Uganda and improve the reliability of the power supply. A key objective was to reduce deforestation – the Nkusi plant was projected to offset the deforestation of 12,220 metric tonnes of wood per year. It was also expected to save foreign currency (about USD 30 million per year) by substituting the heavy fuel oil and thermal plants that rely on imported diesel fuel; these plants would be switched off and kept on standby for emergencies.

The project sponsor, PA Technical Services Limited, is a Norwegian company with Ugandan shareholding, whose application for a licence was approved in January 2015. The company obtained loan finance from TDB, along with sponsors' equity finance and grant finance from KfW's GET FiT programme. Using a "hands-on execution model", the company carried out its own construction.

Despite the significant topographical and logistical problems posed by the remote location, the project (including the plant, tunnel and dam) was completed by late 2017, six months ahead of schedule, within budget, and at the required quality.

PA Technical Services aligned itself with the performance standards of the International Finance Corporation, including on labour conditions, environmental impact assessments, and community safety. It also reports to the National Environment Management Authority of Uganda. The project discharges water into the delta to minimize its environmental impact. Regular water quality tests are conducted, the results of which are shared with TDB. The company chose to position the Nkusi plant in a very remote area to avoid affecting local communities; only one person had to be relocated.

The company committed itself to maintaining international employment standards and transferring skills to Ugandans. About 100–120 people, mostly locals, were employed during construction. While 1.2 million working hours were used in this process, no time was lost to safety incidents. The company currently employs about 28 people, both on site and in Kampala. Through worksite training, Ugandan workers form a "core team" of this staff. Many casual workers are drawn from the Nguse village (e.g. on the transmission line). The company also helped the community construct a pier, a toilet and piped water.

7.5 SDG 8 - GOOD JOBS AND ECONOMIC GROWTH

SDG 8 aims to increase productivity through diversification, technological upgrading, and innovation, including a focus on high-value-added and labour-intensive sectors. TDB's corporate loans provide capital for new technology and higher productivity. Our investments facilitate the improvement of business performance and development of strategic industries, which contribute significantly to the GDP of our Member States. We also support exports under the trade finance portfolio, which contributes to employment, economic growth and diversification.

TDB investments generate temporary and permanent employment in larger enterprises, SMEs, exporters, importers, and infrastructure construction and operation. Many businesses we support provide both significant employment and indirect opportunities for employment or entrepreneurship in their local areas. Many also provide other social amenities for their employees and invest in local socio-economic development through their own CSR projects. Case study 18 demonstrates an example of our contribution towards SDG 8 through our support of the Mushubi Tea Factory in Rwanda.

CASE STUDY 18:

DIRECT AND INDIRECT EMPLOYMENT CREATION

NAME OF CLIENT
Multisector Investment Group
(Mushubi Tea Factory), Rwanda

FACILITY AMOUNT
USD 5.8 million

FACILITY TYPE
TDB Project and Infrastructure Finance loan (along with working capital from a local bank)

DATE EXTENDED
August 2009

REPAYMENT DATE
August 2025

DEVELOPMENT OUTCOMES
Outcome 2: Enhanced business performance
Outcome 3: Increased employment
Outcome 6: Increased intra and extra regional trades

FAMILIES AND FRIENDS GATHER TO PICK TEA AT THE MULTISECTOR PLANTATION; IN NYAMAGABE DISTRICT OF RWANDA | IMAGE COURTESY OF TDB

Aided by its climate and altitude, Rwanda produces good-quality tea that tends to fetch above-average prices on the world market; the sector generates significant foreign exchange and is also employment-intensive. The parent company of this project, the Multisector Investment Group, was set up as part of a presidential initiative to create employment and support small farmers, especially in the remote areas of southern Rwanda.

The Mushubi Tea Factory is located in the Nyamagabe District of Rwanda, about 200 km from Kigali. It produces black tea, which is exported and sold at auction in Mombasa. The company has its own 400-ha plantation, but out-growers supply 60% of its green leaf inputs from about 500 ha of small farms. Mushubi Tea started in 2006; supported by the government, it helped organize about 1,500 small farmers into co-operatives. These co-operatives are now represented on its board.

TDB approved a USD 5.8 million loan in 2009 to build and equip the tea factory, which started production in October 2013. The company struggled to achieve full production for various reasons (e.g. the transport of green leaf and processed tea was hampered by poor road connections). Recognising the need to address these challenges, the company met with stakeholders, including shareholders and financiers, to discuss solutions. TDB extended the loan term to allow the company to ramp up production and agreed on a structure that would accommodate the seasonality of production. A local bank continued to provide working capital. Following this initiative, the company saw a steady increase in output to around 1,000 tonnes by 2019.

Mushubi Tea is among the biggest employers in the Nyamagabe region, bringing stable economic activity to the area. It has 35 permanent staff and about 500 casual employees (about 72% female); its direct and indirect impact on employment is put at over 2,500 people. The company also supports the out-growers (of whom about 60% are women) through community initiatives, particularly the early childhood development initiative of the Government of Rwanda and UNICEF. It focuses on single parents around the factory and provides facilities such as creches. Mushubi Tea also supports farmers with health insurance and aims to improve the health of the pluckers.

The company complies with environmental protection requirements and is working towards Rainforest Alliance certification. It has already achieved HACCP (Hazard Analysis and Critical Control Points) certification, an international standard for food safety, and monitors biological contamination and controls. A water purification plant was built in 2019 to treat used water before releasing it back into the environment. Mushubi Tea also works with the local community on a restoration programme to replant trees in the area.

STANDARD GAUGE RAILWAY SYSTEMS ARE MUCH MORE SUITED FOR TODAY'S TRADE FACILITATION SYSTEMS | IMAGE COURTESY OF DEPOSITPHOTOS

7.6 SDG 9 - INDUSTRY, INNOVATION AND INFRASTRUCTURE

SDG 9 aims to facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support. TDB supports the development of quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to promote development and human well-being in our member economies. Our priority areas include transportation and logistics infrastructure, ICT, energy, and social infrastructure (e.g. health and education). Case study 19 demonstrates an example of our contribution towards SDG 9 through our support of the Standard Gauge Railway project in Tanzania.

CASE STUDY 19:

SUPPORTING INFRASTRUCTURE DEVELOPMENT IN TANZANIA

NAME OF CLIENT

Standard Gauge Railway, Tanzania

FACILITY AMOUNT

Total project cost of phase 2: USD 1.46 billion

This phase has three financing tranches; TDB provided USD 100 million of the USD 300 million development finance institution tranche.

FACILITY TYPE

Co-financing (lead arranger: Standard Chartered Bank)

DATE EXTENDED

June 2019

TENOR

12 years (including 3 year grace period)

DEVELOPMENT OUTCOMES

Outcome 1: Improved access to finance
Outcome 4: Increased access to infrastructure
Outcome 6: Increased intra and extra regional trades

TDB participated in a syndicated financing facility of USD 1.46 billion arranged by Standard Chartered Bank to finance the Standard Gauge Railway project in Tanzania. Phase 1 of the project involved the construction of 205 km of railway line from Dar es Salaam to Morogoro, while Phase II comprises construction of the line from Morogoro to Makutupora (336 km) with electrification, signalling and telecommunications equipment. The total project cost is USD 2.35 billion, with a contract amount of USD 1.46 billion for Phase II.

The development impact of the project is considerable and includes:

- **Catalysing economic growth:** The Government of Tanzania aims to revitalize the rail sector and increase its contribution to the economy. An upgrade of the rail system, especially the Dar es Salaam-Isaka-Mwanza route, will increase freight and passenger capacity and reduce pressure on the road network.
- **Improving transport efficiencies:** On average, the port of Dar es Salaam handles 14.8 million tonnes of cargo annually, of which 40% is transported via the central corridor. Given the dilapidated nature of the existing metre gauge, only 4% of cargo is transported by rail, while 96% is transported by road. This situation contributes to cost and time inefficiencies in the movement of goods and people through the corridor. It is estimated that the new rail link will reduce travel time between Dar es Salaam and Rwanda by half, from the current 72 hours (by road) to about 36 hours.
- **Reducing transport and logistic costs:** The cost of transporting cargo to various destinations within Tanzania and to neighbouring countries will be significantly reduced.
- **Enhancing intra-regional trade:** The new railway will provide an important trade route connecting landlocked neighbouring countries, including Uganda, Rwanda and Burundi.
- **Creating employment:** Given the magnitude of the project, the new railway will provide employment and livelihoods to several hundred Tanzanians employed on the various facets of the project.

PORT LOUIS, MAURITIUS | IMAGE COURTESY OF ADOBE STOCK

7.7 SDG 10 - REDUCED INEQUALITY

As a development finance institution with a focus on trade, TDB can contribute substantially to the achievement of this SDG. We engage with international partners within and outside of the region to provide financial services that support the sustainable development of our Member States. One of the targets of SDG 10 is to significantly increase the exports of developing countries. Although trade-related economic activity accounts for about half of Africa's GDP, the demand for trade finance far exceeds the supply. It is estimated that a third of the continent's demand for trade finance is still unmet, particularly from SMEs, which typically face challenges such as high collateral requirements and steep interest charges. Case study 20 demonstrates an example of our contribution towards SDG 10 through our support of the Eastern and Southern African Trade Fund.

CASE STUDY 20:

ADDRESSING THE UNMET DEMAND FOR TRADE FINANCE TO EXPORTERS AND IMPORTERS

NAME OF CLIENT

The Eastern and Southers African Trade Fund

FACILITY AMOUNT

USD 50 million

FACILITY TYPE

Asset Management and Special Funds

DATE EXTENDED

August 2019

DEVELOPMENT OUTCOMES

Outcome 5: **Improved strategic sector performance**

Outcome 6: **Increased intra and extra regional trades**

In a joint venture with a business partner, TDB established a new subsidiary, Eastern and Southern African Trade Advisors Limited (ESATAL), a fund manager in Mauritius. ESATAL runs the Eastern and Southern African Trade Fund, an investment fund also domiciled in Mauritius. Launched in August 2019, the Fund is open to subscriptions. TDB has taken an equity position in this off-balance-sheet vehicle.

The Eastern and Southern African Trade Fund provides trade finance to exporters and importers in the Tripartite Region, while delivering secure and stable investment returns to investors, uncorrelated with returns on mainstream asset classes. It focuses on achieving positive, measurable social, environmental and development impact objectives, using specialist knowledge and experience, while delivering secure and stable investment returns to investors, uncorrelated with returns on mainstream asset classes. As such, it aims to appeal to global investors attracted by the dual objectives of steady returns and fostering development in some of the world's fastest-growing economies. The Fund's trade finance transactions are intended to have an average life of less than two years and to be held to maturity.

THE LUUKA PLASTIC FACTORY IN NAMANVE INDUSTRIAL PARK IN KAMPALA, UGANDA | IMAGE COURTESY OF TDB

7.8 SDG 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION

TDB finances transactions that assist firms to responsibly manage harmful chemicals, reduce and recycle wastes, and reduce the discharge of pollutants. Through our ESMS policy, we ensure that our investments in productive sectors cause little or no environmental damage, and any potential impacts are mitigated against. Since 2018, TDB has been implementing a robust system to review, screen and ensure the mitigation of environmental and social risks. Case study 21 demonstrates an example of our contribution towards SDG 12 through our support of Luuka Plastics Limited in Uganda.

CASE STUDY 21:

FINANCING TO MINIMIZE PLASTIC WASTE

NAME OF CLIENT
Luuka Plastics Limited, Uganda

FACILITY AMOUNT
USD 700,000

FACILITY TYPE
Project and Infrastructure Finance loan

DATE EXTENDED
2013

REPAYMENT DATE
March 2020

DEVELOPMENT OUTCOMES
Outcome 5: Improved strategic sector performance
Outcome 6: Increased intra and extra regional trades

Luuka Plastics Limited is a leading manufacturer of flexible packaging materials and plastics products in Uganda. Established in 1986 as a general trading company, Luuka started to manufacture flexible plastic packaging from basic raw materials in 2004. A small, family-owned business, it approached TDB (then PTA Bank) at this time for the first of several loans to finance machinery and equipment. The company has grown over the years, and by July 2019 it directly employed about 1,200 people (of whom about 35% are women). When environmental concerns led to the banning of some plastic bags in countries such as Rwanda, Kenya and Uganda, Luuka switched to woven raffia bags. These are more durable than ordinary plastic bags and are therefore less likely to be discarded; polypropylene can also be recycled.

An ISO 9001:2015-certified company, Luuka Plastics operates in three locations. Its head office is in Kawempe, where it manufactures plastic bags. In Namanve, Kampala's new industrial area, it has a state-of-the-art manufacturing facility for woven gunny bags (e.g. for sugar). It also operates a fully-fledged recycling plant that recycles in-house and post-consumer waste. The processes are dry and therefore release neither effluents nor emissions into the environment.

The company runs a plastics buyback programme in the community (a chain involving more than 1,200 community members), which purchases various types of plastic waste from the public. This waste is taken to a yard, sorted and broken down, and then processed in the factory. An average of 20–50 tonnes of waste is collected every week. With recycling being mandatory for all plastic manufacturers, the amount of available waste material is falling; this highlights the success of the overall initiative.

Luuka Plastics also supports education initiatives through different organizations. It helps to educate communities about the importance of recycling and provides practical information on recycling best practices through community outreaches. Luuka has also renovated a local school and built a school block and mosque in the founder's village. Another highlight is the company's professional approach to succession planning, which is crucial for family-owned businesses.

7.9 SDG 17 - PARTNERSHIPS FOR THE GOALS

SDG 17 relates to partnerships with other development finance institutions, commercial finance institutions and investors to support achievement of the SDGs. TDB has pursued several cooperation and partnership agreements with a range of institutions to bring additional resources into the region for projects with a high sustainable development impact. Case study 22 demonstrates an example of our contribution towards SDG 17 through our support of the Lake Turkana Wind Power project in Kenya.

CASE STUDY 22:

DEVELOPMENT AND COMMERCIAL INSTITUTIONS PARTNER TO FINANCE WIND POWER

NAME OF CLIENT

Lake Turkana Wind Power

FACILITY AMOUNT

TDB Portion: EUR 20 million

(50% under senior loan; 50% under subordinate loan)

FACILITY TYPE

Co-financing (lead arranger: African Development Bank)

DATE EXTENDED

March 2014

TENOR

15 Years

DEVELOPMENT OUTCOMES

Outcome 5: **Improved strategic sector performance**

Outcome 6: **Increased intra and extra regional trades**

THE LAKE TURKANA WIND POWER FARM IS A DEMONSTRATION OF INSTITUTIONAL PARTNERSHIP, AND VIABILITY OF SUSTAINABLE ENERGY SOURCES | IMAGE COURTESY OF LAKE TURKANA WINDMILL PROJECT

The Lake Turkana Wind Power (LTWP) project is located in Loiyangalani District in Kenya's Marsabit County. It comprises 365 wind turbines, each with a capacity of 850 kW, and a high-voltage substation connected to the national grid through a transmission line constructed by the Kenyan Government. The wind farm provides reliable, low-cost energy to the national grid (about 17% of Kenya's installed capacity), which will be bought at a fixed price by Kenya Power and Lighting Company Limited over a 20-year period.

The LTWP consortium comprises KP&P Africa B.V., Aldwych Turkana Limited, the Danish Climate Fund (through the Investment Fund for Developing Countries), Vestas Eastern Africa Limited, the Finnish Fund for Industrial Cooperation Limited, KLP Norfund Investments AS, and Sandpiper. The project is financed by a consortium of senior and subordinated lenders, including the European Investment Bank, the African Development Bank, TDB, the East African Development Bank, Proparco, the Netherlands Development Finance Company (FMO), Deutsche Investitions- und Entwicklungsgesellschaft (DEG), Eksport Kredit Fonden of Denmark (EKF), the Standard Bank of South Africa, Nedbank South Africa, and the EU-Africa Infrastructure Fund (EU-AITF).

Since LTWP began injecting power into the national grid on 24 September 2018, it has averaged capacity factors of above 70%, peaking at 99% or 307 MW (the worldwide average is around 40%, depending on local wind speeds). The project has significantly contributed to stabilisation of the grid in Kenya and supports the rural electrification objectives of the government.

The project site is 40,000 acres, on which LTWP's facilities occupy about 87.5 acres; its permanent structures include the wind turbines, a substation, and workers' accommodation. The remaining land is open to the public and is used by the local nomadic population.

LTWP established the Winds of Change Foundation to support the local community. It invests a portion of its operating revenues the foundation; this support is expected to amount to about EUR 10 million over the 20-year operational life of the project. Projects in the area include primary and secondary education and vocational training, health education and facilities, and the provision of water. LTWP prioritizes the use of local contractors to implement these projects, where possible.

The project employed more than 2,500 people during the construction phase, of whom about 75% came from Marsabit County. As of February 2019, it employed 449 people, of whom 76% are from Marsabit County, 21% are from other parts of Kenya, and 3% are expatriates.

Contractors and employees adhere to LTWP's environmental and social standards, which define human rights expectations and community engagement. The main contractors, under LTWP's supervision, undertake monthly audits of their subcontractors (e.g. on payroll, accommodation, working conditions, and health and safety). LTWP is audited on a quarterly basis by an external party on behalf of the lenders. It has also developed and implemented a range of environmental and social policies and management plans.

8. LOOKING **AHEAD**

In this inaugural Sustainability Report, we have sought to tell our development impact story within the context of our new sustainability framework. In the next year, as we operationalize our sustainable development impact monitoring system, we will gather more quantitative and qualitative evidence to demonstrate the impact of our operations. This represents a new and exciting chapter in our journey to be at the forefront of extending development finance and services to advance regional growth and integration. In the next Sustainability Report, we will be able to provide even more examples of how our vision and mission are being achieved, how we help Member States to fulfill their SDG commitments, and how we contribute to our six development outcomes.

Our management and staff are enthusiastically embracing the new sustainability framework and are looking forward to fully integrate the sustainable development impact monitoring system within our operations and all lines of business over the next year.

The year 2020 will see a focus on building the capacity of our staff to incorporate new tools and processes to identify, measure, and report on our development impact. The TDB Academy will be a critical component of this thrust. We will move beyond ex ante assessments of impact to ensure that we monitor and report the actual impact of our operations.

We will also reflect on the additionality we bring to transactions and report on the value we add for our clients and Member States in this regard. Finally, we will continue to work toward best practices in environmental and social management and corporate social responsibility.

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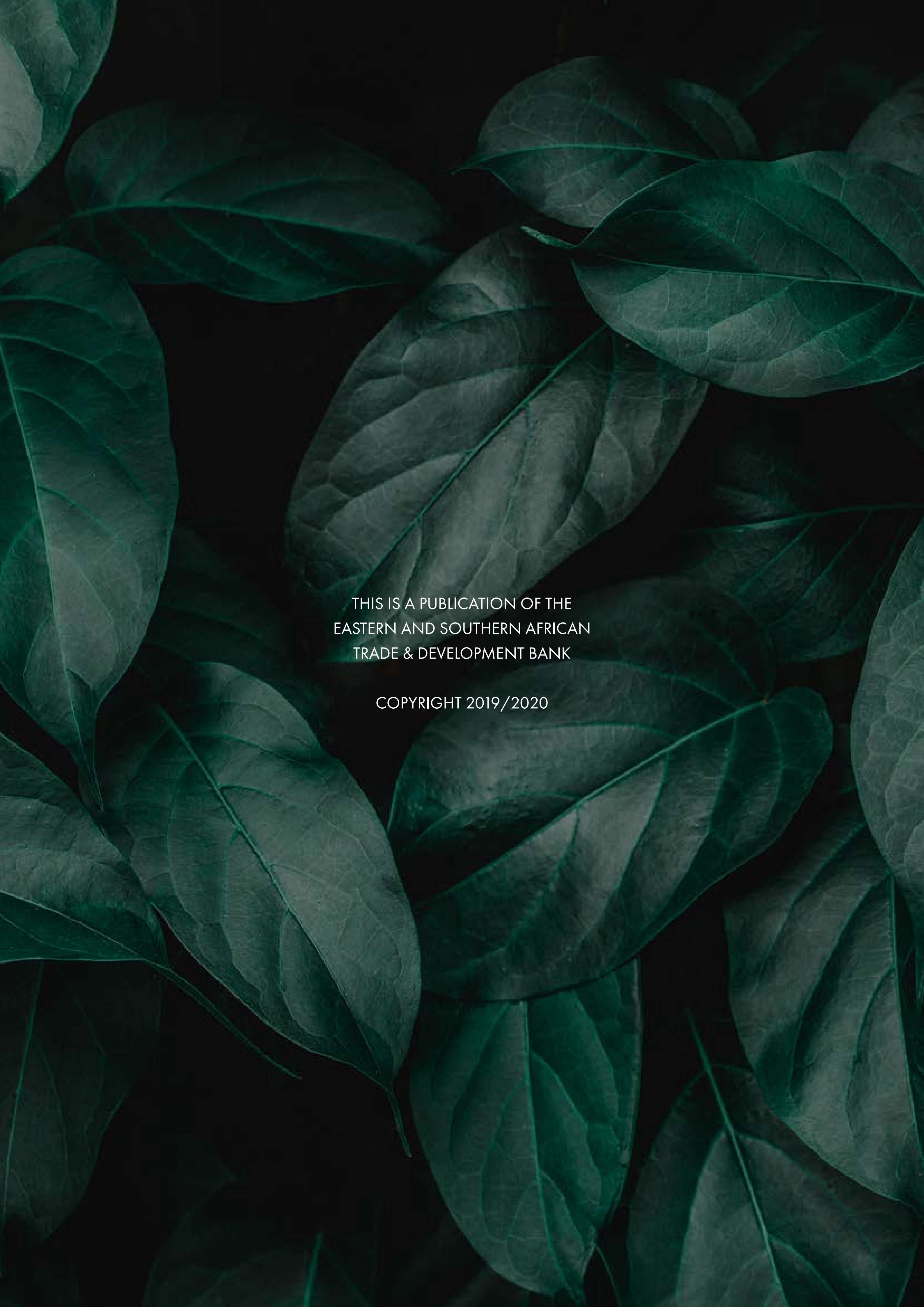

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