TRADE & DEVELOPMENT BANK

ANNIVERSARY 35 YEARS

SUSTAINABLE DEVELOPMENT IMPACT MONITORING SYSTEM

TABLE OF CONTENTS

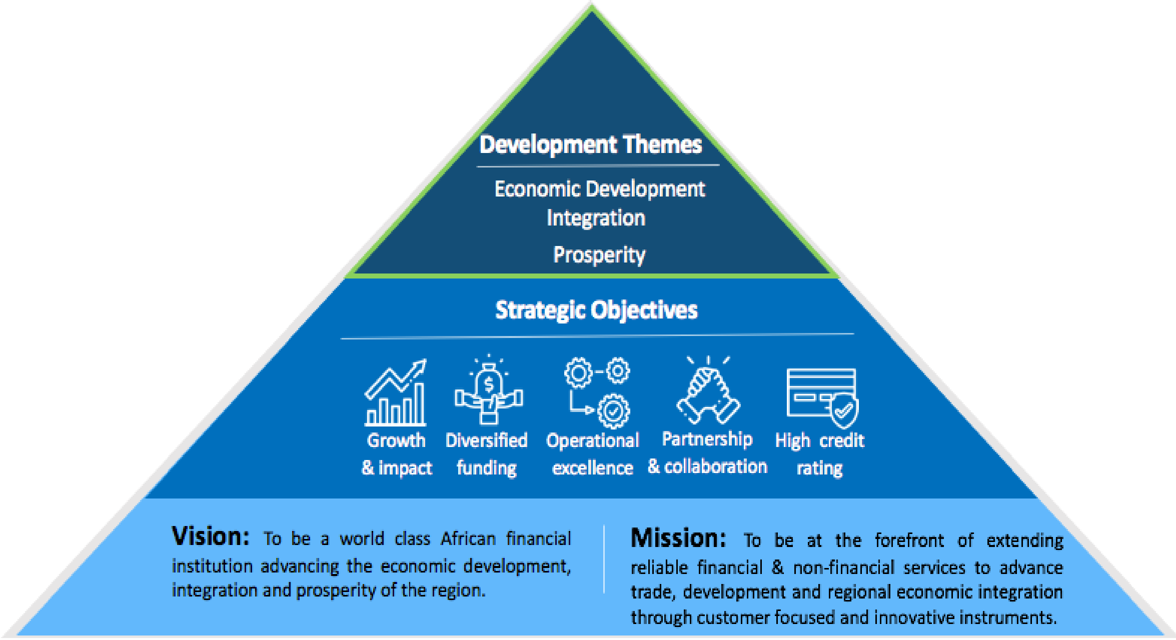
LIST OF FIGURES AND TABLES

1. MISSION AND VISION

In formulating a relevant and effective sustainability framework, the first step is to examine the organization's reason for being – its mission. The mission, along with a clearly defined vision, is translated into strategic objectives. While these objectives may change over time, they help to keep the organization focused on its reason for being.

Figure 1 illustrates TDB's mission, vision and strategic objectives and shows how they flow into development themes arising from the Charter.

Figure 1: TDB's Strategy and How it Relates to Development



Source: Developed for this report.

2. PREFACE AND POLICY STATEMENT

This document sets out a Sustainable Development Impact Monitoring System for the Eastern and Southern African Trade & Development Bank (TDB), supporting the Bank's intent to report on the development impact of its investments. TDB has long considered financial, social and environmental sustainability in its decision-making. Then, in 2016, it formally committed to aligning its investment strategy with the United Nations Sustainable Development Goals, the Paris Climate Summit Agreement and the African Union's Agenda 2063 and measuring the impact of its contribution to these agreements. This commitment is codified in the policy statement below.

This document articulates TDB's commitment to ensuring that its development impact is sustainable; it demonstrates how this impact is derived from the Bank's charter, vision, mission, operations, and alignment with these three international agreements. It also identifies the key development outcomes expected as a result of TDB's activities and the critical indicators to be monitored. The document guides TDB in integrating development impact monitoring into its operations by providing tools for use throughout the financing cycle across the organization. As such, it is a reference document for management, staff and relevant stakeholders. It complements the other pillars of TDB's sustainability framework, such as the enterprise risk management system, environmental and social management system, and corporate social responsibility programme.

The document is based on the bank's existing mission statement and objectives, as stated in the Corporate Plan 2018–22. It is therefore not static and will periodically be reviewed and revised as circumstances warrant to ensure relevance and align current Bank strategy.

SUSTAINABLE DEVELOPMENT IMPACT MONITORING POLICY STATEMENT

In keeping with TDB's commitment to align its investment strategy to the United Nations Sustainable Development Goals, the Paris Climate Summit Agreement and the African Union's Agenda 2063, TDB is committed to the integration of development impact assessment monitoring within its operations. We will ensure that TDB's people, processes and procedures support, and are guided by the Sustainable Development Impact Monitoring System as set forth in this document. TDB commits to: (i) timely collection and analysis of reliable data as guided by impact assessment system; (ii) working in partnership with shareholders, clients, partners, and beneficiaries to identify, analyze and report on Development Impact and (iii) publish annually, a Sustainability Report which highlights our sustainable development impact.

Impact monitoring is an essential management function that provides a clear basis for strategic planning and decision-making. As such TDB will ensure that sustainable development impact considerations are at the forefront of our decision-making.

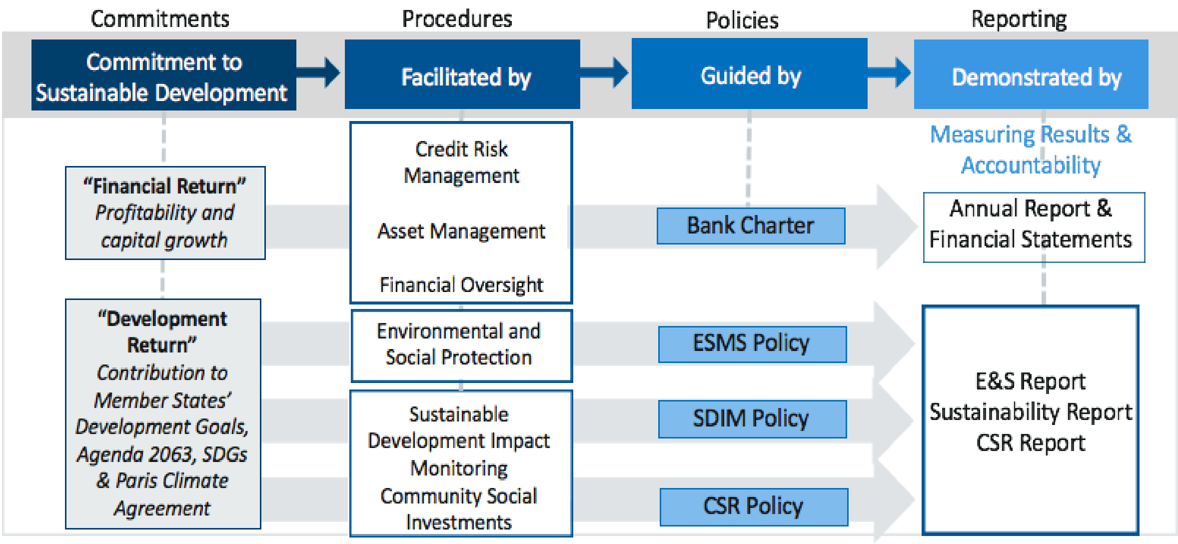
3. TDB SUSTAINABILITY FRAMEWORK

Sustainable development has been defined in many ways. The most common definition is from the Brundtland Report:
"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

This has been translated into the "the triple bottom line" – a sustainability framework that examines a company's social, environmental, and economic impact. For a development finance institution (DFI), a sustainability perspective balances generating healthy financial returns by meeting unmet market opportunities with the need to avoid environmental and social risks and maximize environmental and social benefits. Stakeholders and shareholders expect DFIs such as TDB to generate positive financial returns and sustainable development impact.

In pursuit of sustainability, TDB focuses on the environmental, social and financial aspects of its operations. Its sustainability framework is part of the bank-wide enterprise risk management system (ERMS). By identifying financial, environmental and social risks, the Bank can make financing decisions or ensure mitigating actions are taken to prevent harm to “people and planet”. Furthermore, financing decisions can favor commercially viable projects that actually improve environmental and social outcomes, as opposed to merely maintaining the status quo. TDB’s sustainability framework is illustrated in Figure 2.

Figure 2: TDB's Sustainability Framework



Source: Developed for this report.

TDB's commitment to sustainable development is underpinned by a range of internal policies and processes that help it identify and address risks and capitalize on opportunities. These include the credit risk management, asset management and financial oversight functions, and the policies on the environmental and social management system (ESMS) and corporate social responsibility (CSR). These policies have been codified, documented and integrated into TDB's operations. The ESMS policy framework assists TDB in analysing, controlling and reducing any negative environmental and social impacts and in optimizing the benefits of its financing operations. The CSR policy guides TDB in undertaking non-commercial operations to enhance development and prosperity in the region.

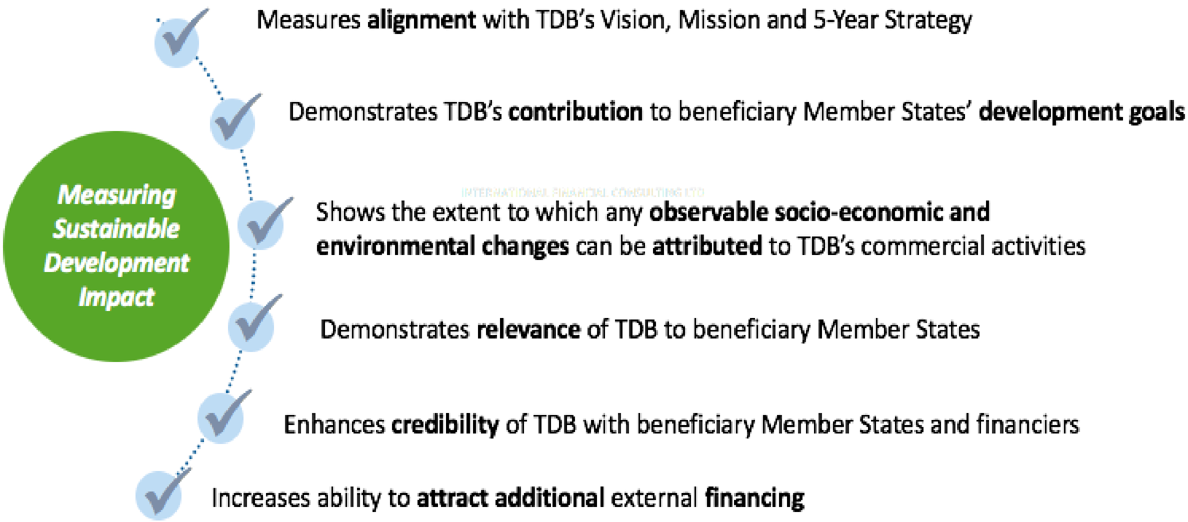
In future, TDB may broaden its sustainability framework to include strategies that ensure the sustainability of its administrative operations. These include minimizing the environmental impact of its own activities, maximizing staff engagement, and enhancing organizational culture and inclusivity.

The aim of this document is to: (a) set out the kind of development impact TDB intends to achieve, and (b) to codify the processes to monitor and report on whether these impacts are being achieved. This will allow TDB to demonstrate to shareholders and stakeholders alike the extent to which it is adhering to its commitment to sustainable development. This information will be published in an annual sustainability report, alongside the annual report.

4. WHY MEASURE SUSTAINABLE DEVELOPMENT IMPACT?

TDB is accountable to its shareholders for the use of its capital and the financial performance and development impact arising from its operations. While TDB has always reported financial results and has recently begun to report on sustainable development impact, it has neither comprehensively monitored nor reported on this impact. The Board of Directors and management are committed to operationalizing the sustainability framework, which includes a system for impact assessment monitoring. The system will guide TDB to better collect and analyse data and information to demonstrate its development results to its stakeholders. Measuring sustainable development impact accomplishes a number of objectives, as per Figure 3.

Figure 3: Benefits of Measuring Sustainable Development Impact



Source: Developed for this report.

The impact monitoring framework demonstrates:

- The alignment with TDB's mission, vision and five-year corporate plan (Chapter 3);
- TDB's commitment to supporting Member States in achieving the Sustainable Development Goals (SDGs) (Chapter 5);
- How observable changes attributed to TDB's operations are measured, using indicators and data collection tools (Chapter 7 and the Appendices).

The publication of the sustainability report will help TDB demonstrate its relevance and enhance its credibility and transparency, which will assist it in attracting additional financing.

5. TDB'S INTENDED DEVELOPMENT IMPACT

5.1. INTRODUCTION

TDB, formerly known as PTA Bank, was established by charter on 6 November 1985, pursuant to Chapter 9 of the Treaty establishing the Preferential Trade Area for Eastern and Southern African States. The Preferential Trade Area was later replaced by the Common Market for Eastern and Southern African States (COMESA), comprising 19 countries in northern, eastern and southern Africa. Its membership has since expanded beyond COMESA countries. Arising from the charter and objectives, the vision and mission of the Bank are defined as:

- **Vision:** To become a world-class African development financial institution advancing the economic development, integration and prosperity of the region.

- **Mission:** "To be at the forefront of extending reliable financial and non-financial services to advance trade, development, and regional economic integration through customer-focused and innovative instruments."

DFIs such as TDB face growing demands from shareholders, stakeholders and potential partners for a tangible demonstration of their economic, environmental and social impacts, along with financial returns from the use of funds. The balance between financial and development returns is maintained when decisions are made from a sustainability perspective – that is, when economic, social and environmental returns are optimized for each commercially viable transaction.

The implicit underlying driver of TDB's development impact has been its vision of "advancing the economic development, integration and prosperity of the region". Since 2015, however, there has been a global consensus on a path towards sustainable development and agreement on action on climate change. This has created an opportunity for DFIs to align their objectives with these global goals and to explicitly focus the sustainability of their operations. The 2015 publication of the African Union's Agenda 2063 likewise provided a perfect opportunity for TDB to align with the region's development and integration agenda.

The Bank's strategic focus now supports: (a) Member States in progressing towards the SDGs; (b) the implementation of the Paris Declaration on Climate Change; and (c) contributing towards creating the "Africa we want", as defined in Agenda 2063. TDB's development impact must therefore be seen within the context of these regional and global commitments. TDB has stated its intent to pursue a "triple bottom line", balancing "profits, people and planet". For the Bank's operations to help achieve these larger goals, its transactions must be socially and environmentally sustainable, while generating sustainable financial returns for reinvestment. Every activity undertaken by TDB must contribute to one or more of the three overarching agreements: the SDGs, the Paris Accord and Agenda 2063. As TDB now intends to report on its sustainable development impact, the extent to which its operations contribute to these agreements will be measured by an impact monitoring system. Previously, TDB's intended development impact had been neither explicitly defined nor comprehensively reported. The first step is to clearly define its intended impact, based on the nature of its operations, along with the indicators to measure whether this impact is being achieved.

5.2. DRIVERS OF TDB'S INTENDED DEVELOPMENT IMPACT

The following sections summarize the key drivers of TDB's intended sustainable development impact, which will underpin its operational strategy and expected results, as articulated by a "Theory of Change".

Charter, Mission, Vision and Corporate plan
The Bank's charter defines its objectives and operating principles for financial sustainability. These objectives are underpinned by the following implicit development themes:

- Economic and social development of Member States
- Development of trade
- Economic integration and complementarity of investments.

TDB's mission and vision both speak to the "development" focus of the Bank, in that it is driven by an imperative to balance developmental returns with financial returns. Its developmental emphasis is on facilitating regional growth and integration, which are mutually reinforcing. While the mission and vision do not explicitly speak to sustainability, the Bank has long taken sustainability into account. This commitment is demonstrated by the establishment of the CSR and ESMS policies.

Five-year corporate plans provide the medium-term blueprint for TDB's operational focus, taking into account the current external environment, Member States' needs, market opportunities, and TDB's strengths. The 2018–22 Corporate Plan focuses on building operational capacity and financial strength to enable the Bank to provide affordable finance to projects that will deliver sustainable development impact. The current objectives are to:

1. Ensure managed growth and balanced and sustainable development impact;
2. Mobilise equity and debt financial resources, at the lowest possible costs, with optimal flexibility and diversity;
3. Develop further the Bank's human and institutional capital, and achieve high levels of operational excellence;
4. Build focused partnerships and collaboration for resource mobilisation, expanded impact and risk sharing;
5. Be a risk-intelligent organisation with high levels of asset quality and achieve a higher investment grade rating.

The 2018–22 Corporate Plan identifies specific priority sectors for investment and intervention, including (a) agribusiness and forestry (agro-processing, logistics, and agri-related infrastructure, e.g. silos and warehouses); (b) transport and logistics (roads, pipes, rail, aviation, ports, airports and marine services); (c) oil and gas (upstream, midstream and downstream segments); and (d) infrastructure (including health and education facilities). Investing in these subsectors will directly focus TDB's development impact.

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. African leaders recognized the need to refocus Africa's agenda to prioritise inclusive social and economic development, continental and regional integration, democratic governance, and peace and security. 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":

1. A prosperous Africa based on inclusive growth and sustainable development
2. An integrated continent, politically united and based on the ideals of Pan-Africanism and the vision of Africa's renaissance
3. An Africa of good governance, democracy, respect for human rights, justice and the rule of law
4. A peaceful and secure Africa

5. An Africa with a strong cultural identity, common heritage, shared values and ethics
6. An Africa whose development is people-driven, relying on the potential of African people, especially its women and youth, and caring for children
7. Africa as a strong, united, resilient and influential global player and partner.

TDB's mission and vision are directly aligned with Aspirations 1 and 2. The cumulative effect of TDB's operations should therefore contribute to meeting these aspirations in the long run.

The United Nations Sustainable Development Goals

The United Nations-led global Agenda 2030 and accompanying SDGs were introduced in September 2015. Replacing the Millennium Development Goals, the SDGs are universal goals that address urgent global environmental, political and economic challenges, particularly in developing countries, to be attained through international cooperation. Broad outcomes are defined for "people", "planet", "prosperity" and "peace":

- **People:** An end to poverty and hunger, so all human beings can fulfil their potential in dignity and equality and in a healthy environment.
- **Planet:** Protection of the planet from degradation … sustainably managing natural resources and taking urgent action on climate change, so that it can support the needs of the present and future generations.
- **Prosperity:** All human beings can enjoy prosperous and fulfilling lives, and economic, social and technological progress occurs in harmony with nature.
- **Peace:** Peaceful, just and inclusive societies, which are free from fear and violence.

The 17 sustainability goals are:

1. End poverty in all its forms everywhere.
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.
3. Ensure healthy lives and promote well-being for all at all ages.
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure availability and sustainable management of water and sanitation for all.
7. Ensure access to affordable, reliable, sustainable and modern energy for all.
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.
9. Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.
10. Reduce inequality within and among countries.
11. Make cities and human settlements inclusive, safe, resilient and sustainable.
12. Ensure sustainable consumption and production patterns.

13. Take urgent action to combat climate change and its impacts (taking note of agreements made by the United Nations Framework Convention on Climate Change (UNFCCC) forum).
14. Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss.
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels.
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

TDB aims to help Member States contribute to meeting SDG targets. When mapped against the specific targets for each SDG, the Bank's activities directly or indirectly align with nine SDGs. Through its ESMS system, it supports SDG 12 by mitigating environmental impacts. The alignment of TDB's development impact with the SDGs is shown below. For a more detailed mapping against the specific targets, see Chapter 5.

No poverty: End poverty in all its forms everywhere

Zero hunger: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

Quality education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Affordable and clean energy: Ensure access to affordable, reliable, sustainable and modern energy for all

Good jobs and economic growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all

Industry, innovation and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation

Reduced inequalities: Reduce inequality within and among countries

Responsible consumption and production: Ensure sustainable consumption and production patterns

Partnerships for the goals: Strengthen the means of implementation and revitalise the global partnership for sustainable development

TDB's financing is aligned with specific sectors in the SDGs, such as agriculture and agribusiness, energy (renewable), manufacturing and social infrastructure. The expectation is that by investing in these sectors, both private and state project sponsors will help increase employment and reduce poverty; improve nutrition and education infrastructure; and increase access to clean, renewable energy. By implementing its ESMS policy, TDB takes into account potential negative impacts such land degradation and the loss of biodiversity; the depletion of non-renewable resources; climate change; air pollution and the production and disposal of waste, which align with the targets for SDG 12. By providing development finance, TDB helps to reduce inequality (SDG 10) and is part of the global partnership to ac SDGs (SDG 17).

Paris Agreement on Climate Change

On 12 December 2015, parties to the UNFCCC reached an agreement in Paris to combat climate change and adapt to its effects with enhanced financial and technical support to developing countries. 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 well below 2°Celsius (above pre-industrial levels) and to pursue efforts to limit the temperature increase 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 to be put in place. As an investor in green energy and technology, TDB will help provide resources to Member States in support of the Paris Climate Agreement.

Member State goals

As shareholders of the Bank, Member States expect investments by TDB to support national development strategies. TDB also deliberately aligns its investments with national development plans. It is likewise committed to helping individual countries meet their own SDGs. One objective of the Bank, as per the charter, is to "supplement the activities of national development agencies of the Member States by joint financing operations and by the use of such agencies as channels for financing specific projects". The charter also directs the Bank to cooperate with other institutions interested in the development of its Member States. Accordingly, TDB provides direct lending and works with other institutions to finance state and public enterprises to help catalyse member economies and meet their strategic needs.

In summary, TDB's intended development impact is driven by multiple considerations at many levels. This is illustrated in Figure 4 below.

Figure 4: Drivers of TDB's Sustainability Development Impact

Source: Developed for this report.

6. LINES OF BUSINESS AND PORTFOLIO FOCUS

This chapter shows how TDB's development impact is a result of its day-to-day operations. The nature of TDB's operations and lines of business determines the type of development impact achieved by the Bank. TDB operates in three strategic business areas:

(1) Project and infrastructure finance (PIF)
(2) Trade finance (TF)
(3) Special funds operations

6.1. PROJECT AND INFRASTRUCTURE FINANCE

PIF is the Bank's medium- and long-term financing window, through which it directly finances or co-finances financially viable infrastructure projects and priority economic sectors, especially those that promote economic integration and connectivity. Funding is provided in various forms, including medium- and long-term senior loans, mezzanine loans, straight and quasi-equity, sharia-compliant facilities, and guarantees. Medium-term funding is typically provided for 3–5 years, while long-term funding can be up to 15 years, both inclusive of a grace period. Eligible sectors currently include: (a) agribusiness and forestry; (b) information and communications technology (ICT); (c) manufacturing and heavy industries; (d) mining and quarrying; (e) hospitality, tourism and hotels; (f) banking and financial services; (g) transport and logistics, including roads, pipes, rail, aviation, ports, airports and marine services; (h) oil and gas; and (i) energy, including independent power producers, emergency power, hydropower, biofuels and clean energy. From among these, the Bank has identified several priority sectors:

(a) Agribusiness, including agro-processing, logistics, and infrastructure (e.g. silos and warehouses)
(b) Oil and gas
(c) Infrastructure, including energy, transportation, manufacturing (e.g. cement and steel) and social infrastructure (e.g. education and health).

The Bank's investments often complement funding from other sources of finance through syndication with local and/or international financial institutions. This allows it to support larger-scale investments. In syndicated facilities, TDB invests either as the mandated lead arranger or as a participant along with other reputable financial institutions. The Bank also collaborates with other financial institutions as a parallel lender to close a particular financing gap.

Another instrument is lines of credit (LOCs) to financial intermediaries or national development agencies as a means of channeling indirect funding to sub-borrowers who do not qualify for direct funding from the Bank. Many of these are small or medium enterprises (SMEs). The Bank's recently launched SME pilot project provides loans, guarantees and technical assistance to SMEs in six countries via financial intermediaries. Other products include guarantee facilities for eligible borrowers to access funding, and lease finance for equipment and machinery. Lease arrangements ease the cash flow burden on companies and result in lessees purchasing the leased assets at the end of the agreement. Finally, under the PIF, but only in exceptional cases, TDB may take limited equity stakes (up to 15%) in certain strategic enterprises.

6.2. TRADE FINANCE

Trade finance is the Bank's short-term finance window, which facilitates export and import trade flows from, to and between Member States. Such finance promotes strategic and vital imports (e.g. petroleum and fertilizers), as well as agricultural and other commodity exports vital for the growth of member economies. The facility supports intra- and extra-regional trade in keeping with TDB's mandate. Its operations include:

(a) financing of short- or medium-term in-land or cross-border trade, using one or more financing instruments;
(b) short- (12 months) to medium-term (36 months) financing tenors reflecting the underlying transaction cycle; and,
(c) structured or self-liquidating transactions that support specific underlying transactions.

Trade finance support is available for the manufacturing, agriculture, tourism, mining, infrastructure, and petroleum and energy sectors. Available financing instruments include:

- pre- and post-shipment loans;
- import finance facilities;
- guarantees, performance and bid bonds;
- letters of credit, structured trade and commodity finance facilities;
- securities-backed facilities; and,
- bills and invoice discounting, asset-based lending and bridging facilities.

A strategic focus area in trade finance is letter of credit confirmation and discounting, as well as forfaiting transactions. The Bank also pursues concessionary and grant funding facilities to blend with its own commercial financing.

6.3. SPECIAL FUNDS AND AGENCY OPERATION

Special Funds and Agency Operation involves investments and activities to grow and manage the capital assets of the Bank. This product line has three pillars:

(a) Assets under administration, in which TDB provides agency fiduciary and back-office services to investors for a fee;

(b) Assets under investment, which allows TDB to leverage partnerships to co-invest and manage a variety of funds;

(c) Assets under management, in which the Bank aims to hold assets split in the two lines of business.

Special funds and agency operations may also have noteworthy development impact, which should be measured and reported. For example, equity investments may crowd in capital for worthwhile projects that generate both an attractive financial return for the Bank and high social, environmental and economic returns.

6.4. SYNDICATION ACTIVITIES

TDB's syndication activities are a vital driver of its development impact. By partnering with an expanded network of investors and partners, as either an initial mandated lead arranger or a syndicate partner, the Bank has been able to leverage three US dollars for every dollar it invested in syndicated loans (2019). In this way, TDB can help to finance large sovereign and corporate loans with potentially large macro-economic or sector impacts at national level.

7. TDB'S CONTRIBUTION TO THE SDGS

The extent to which TDB contributes to the SDGs depends on the nature of specific transactions and their effects in recipient countries. TDB contributes to the achievement of nine SDGs. Although it invests in health infrastructure and its investments in renewable energy support climate action, progress on these targets largely stems from national policies. As such SDGs 5 and 13 are not included. **Error! Reference source not found.** shows how TDB directly contributes to meeting specific targets for these SDGs.

Table 1: Overview of TDB's Contribution to the SDGs

SDG	Relevant SDG Targets	Rationale
1 NO POVERTY	• By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions. • Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least-developed countries, to implement programmes and policies to end poverty in all its dimensions.	TDB provides corporate loans, SME lending and infrastructure investments that increase employment, raise incomes, and facilitate better social amenities, which reduce poverty. TDB mobilizes resources for lending through its own capital, through other DFIs and partners, or via syndications and LOCs from other financial institutions.
2 ZERO HUNGER	• By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round. • By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.	TDB facilitates agricultural imports and inputs for domestic agricultural production, which increase food security in Member States. TDB investments increase agricultural productivity. Export development programmes provide technical assistance and develop value chains, including small producers.
4 QUALITY EDUCATION	• Build and upgrade education facilities that are child-, disability- and gender-sensitive and provide safe, non-violent, inclusive and effective learning environments for all.	Education facilities are eligible for TDB investment.
7 AFFORDABLE AND CLEAN ENERGY	• By 2030, ensure universal access to affordable, reliable and modern energy services. • By 2030, increase substantially the share of renewable energy in the global energy mix.	TDB invests in energy infrastructure, including a targeted focus on renewable energy.

SDG	Relevant SDG Targets	Rationale
	• By 2030, double the global rate of improvement in energy efficiency. • By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular least-developed countries, small island developing states, and landlocked developing countries, in accordance with their respective programmes of support.	
8 GOOD JOBS AND ECONOMIC GROWTH	• Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7% GDP growth per annum in the least-developed countries.	TDB investments contribute to corporate performance and the development of strategic industries, which contribute disproportionately to the GDP of Member States.
	• Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value-added and labour-intensive sectors.	Corporate loans provide capital for new technology and increased productivity. Investments contribute to diversification within Member State economies.
	• By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	TDB investments generate temporary and permanent employment in larger enterprises, SMEs, exporters, importers, and infrastructure construction and operation.
	• Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.	Application of ESMS policy ensures enterprises supported by TDB do not engage in these practices.
	• Protect labour rights and promote safe and secure working environments for all workers,	TDB's use of local financial intermediaries provides access to financial resources not otherwise

SDG	Relevant SDG Targets	Rationale
	including migrant workers, in particular women migrants, and those in precarious employment. • Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	available, particularly to SMEs.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. • Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries. • By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities. • Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets. • Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African	TDB invests in transportation infrastructure, social and economic infrastructure, and regional and trans-border infrastructure. TDB invests in sustainable manufacturing through the application of its ESMS policy and financing of green technology. Such investments increase employment and contribute to GDP growth. TDB's LOCs, loan guarantees to financial intermediaries and export development facilities increase SME access to credit and integration into value chains. TDB finances infrastructure in African Member States.

SDG	Relevant SDG Targets	Rationale
	countries, least-developed countries, landlocked developing countries and small island developing States. • Significantly increase access to ICT and strive to provide universal and affordable access to the Internet in least-developed countries by 2020.	TDB invests in ICT infrastructure
10 REDUCED INEQUALITIES	• Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least-developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes.	TDB attracts external capital and partners for investment in African countries.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment. • By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. • Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	Through its ESMS policy, TDB ensures that its investments in productive sectors cause minimal environmental damage, and any potential impacts are mitigated against.
17 PARTNERSHIPS FOR THE GOALS	• Mobilize additional financial resources for developing countries from multiple sources. • Promote the development, transfer, dissemination and diffusion of environmentally sound	Through mobilization of external DFI capital, syndication, equity investments and special funds management, TDB mobilizes financial resources for Member States. TDB promotes and finances renewable energy in

SDG	Relevant SDG Targets	Rationale
	technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed.	partnership with other partners and climate funds
	▸ Significantly increase the exports of developing countries, in particular with a view to doubling the least-developed countries' share of global exports by 2020.	TDB trade financing facilitates Member State exports.
	▸ Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the SDGs in all countries, in particular developing countries.	TDB engages with international partners to provide financial and non-financial services in support of the sustainable development of Member States.

Source: Developed for this report.

8. DEFINING TDB'S SUSTAINABLE DEVELOPMENT IMPACT: THE THEORY OF CHANGE

This chapter shows how TDB's intended development impact is defined and illustrated through a Theory of Change. TDB's development impact can be derived and articulated from the cause-and-effect relationship between its operations and their anticipated effects. This "results chain" sets the stage for the Bank to tell its "development impact story". In effect, the theory of change says, "we do this, because we expect this result". The sustainability report demonstrates the extent to which these anticipated results were actually achieved.

8.1. HOW TDB'S LINES OF BUSINESS TRANSLATE TO SUSTAINABLE DEVELOPMENT IMPACT

In general, a DFI's mission is driven by defined development objectives, which translate into the design of financial and non-financial products and services to achieve specific development outcomes or results. TDB is no different – its vision and mission are distinctly oriented to the development of its Member States. Its shareholders and investors, however, expect both financial returns on their investments and demonstrated development impact. Thus, the Bank's business and financial products must achieve both objectives. The logical cause-and-effect relationship between each of TDB's financial products and development impact is explained below.

8.1.1 PRODUCT LINES

Corporate Finance

- Through TDB financing of business enterprises, either directly or through financial intermediaries, corporations and SMEs obtain access to finance for business development and expansion, new or green technology, construction, product development and working capital.
- This potentially helps to increase production and productivity, expand markets, strengthen value chains, and increase exports or import substitution, which contribute to both the success of the enterprise and national development and growth.
- Greenfield projects or the expansion of existing product lines or services provide new employment during construction and operation.
- Financing of green technology and the application of TDB's ESMS policy ensures that projects have minimal environmental impact and that remedial action is taken where necessary.
- The financial performance of individual enterprises improves, and enterprises generate foreign exchange earnings or savings, along with tax revenues. This contributes to the growth of the private sector and Member State economies.
- Social protection in line with the SDGs is ensured by the application of the ESMS policy.

Infrastructure Project Finance

- Commercially viable public and private infrastructure developed to support health, education, ICT, transportation and energy services increases public access to social and economic services and benefits. This improves education and health outcomes, which makes people more productive and raises them out of poverty. Access to better social amenities also alleviates poverty. The overall economy becomes more competitive, with better connectivity and energy security.
- Infrastructure projects generate employment, particularly during construction.
- Strategic investments in transportation and logistics infrastructure improve export efficiency and increase foreign exchange generation. In countries with large volumes of bulk exports (i.e. primary production), reducing the time and cost of the movement of goods increases the net value of exports. Lower transit times and more energy-efficient modes of transportation help to reduce the need for petrochemical imports.
- Cross-border infrastructure, such as telecommunications, energy and transportation, contributes to regional trade and integration.
- Investments in green energy increase energy security without worsening greenhouse gas (GHG) emissions.

Trade Finance

- Through trade finance, exporters gain access to new markets, grow their businesses, and enhance value chains. This helps to improve business performance, strengthen strategic sectors and promote regional integration and growth of global trade.
- The availability of trade finance allows for the diversification of exports and targeting of specific high-value exports. Higher exports and growing trade ultimately contribute to economic growth in the Bank's Member States.

- TDB facilitates the uninterrupted importation of strategic commodities such as petroleum and fertilizers that underpin the real economy (e.g. agriculture, transportation, energy, and manufacturing). The facilitation of agricultural imports improves food security, while the facilitation of petrochemical imports ensures adequate and reliable fuel reserves and energy security. The importation of machinery and equipment provides the means to industrialize sectors, encourages technology transfer, and improves business productivity and infrastructure.
- Trade finance for exports generates foreign exchange, reduces trade deficits, and strengthens the balance of payments of Member States.
- TDB's trade finance facilities also promote intra-regional trade, when both exporters and importers are within their Member States.

Sovereign Loans

- Sovereign loans or lines of credit provide more affordable capital to Member States for infrastructure investment or debt refinancing; this provides additional fiscal space for other public expenditure. Thus, the Bank's support helps to enhance access to social and economic infrastructure and lower countries' debt burdens.
- Targeted export development funds provide strategic financial and non-financial interventions for high-value export crops, including support for out-grower/supplier programmes and the consolidation of export value chains. By maximizing the value and volume of exports, significant contributions can be made to Member States' GDP.
- Using loan proceeds for agriculture inputs strengthens the productivity of domestic agriculture, potentially leading to import substitution with locally grown crops and increased food security. This helps to save foreign exchange and reduce trade deficits.

8.1.2 DEVELOPMENT EFFECTS

The structure, allocation and concentration of TDB's loan portfolio (e.g. by sector, country or beneficiary) clearly affect the scale and scope of its development impact. The development impact story will also be influenced by who the major loan recipients are and what they do with the loan proceeds. For development impact reporting, a balance therefore has to be struck between quantifying development impact based on the nature of the portfolio and providing illustrative examples of where development impact is maximized. This applies to any intervention with significant social and environmental benefits, regardless of the size of the loan. TDB can assess whether individual projects have a high development impact (see Appendix C: Ex Ante Assessment of Development Impact).

Based on the nature of the portfolio, TDB's development impact can also be assessed in terms of the benefits delivered at the country, sector and client level.

Country effects
In any given year, a small number of countries tend to account for a large portion of the total loan portfolio. This affects the extent to which TDB can have a quantifiable impact on the economies of all its Member States. However, its effects on individual Member States can be significant where:

- financing is used to support high-value exports that contribute a large percentage of a country's export earnings;
- financing is used to support labour-intensive sectors and industries that employ a large portion of the population (e.g. agriculture);
- trade financing stabilizes the timely importation of petrochemicals for reliable energy supplies;
- capital mobilized through syndicated loans supports large infrastructure investments and strategic imports; in this case, TDB's development impact is magnified by working with other partners to finance large projects with potentially widespread effects in the recipient country;
- financing inputs in strategic industries (e.g. cement production) has knock-on effects for the development of other sectors in the economy. For example, TDB's investment in cement plants helps to save foreign exchange and provides local inputs for the construction of infrastructure, factories, offices and homes.

Sector effects
Although a number of sectors are eligible for financing, TDB responds to market demand and assessed risk when approving financing. Over time, both its trade and project financing have been concentrated in oil and gas/petrochemicals, agribusiness, banking and financial services, infrastructure, energy, telecommunications, transport and manufacturing. Within the energy sector, TDB's focus on renewable energy will have a distinct environmental benefit, which will contribute towards SDG 7 and the Paris Climate Agreement.

Beneficiary effects
Generally, governments and parastatals receive the lion's share of TDB financing, followed by large corporations, SMEs and banks and financial institutions. Sovereign loans in 2019 represented roughly two-thirds of the aggregate portfolio, and the

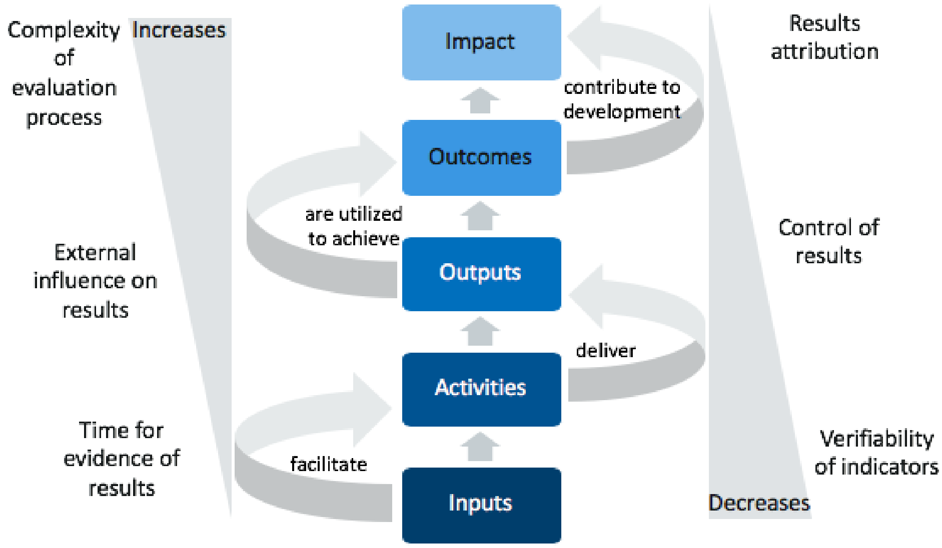
volume of sovereign loans is growing as a result of the Bank's focus on high-value loan transactions, strategic imports and LOCs to central banks. Sovereign investments, particularly in infrastructure, assist Member States in progressing towards various SDGs, the benefits of which will accrue to the wider population. Support for larger enterprises, especially via "big ticket" syndicated transactions, facilitates access to finance for new or expanded business activity. This could have a significant impact where projects provide considerable employment, export revenue, payments to government, or clean energy. The volume of TDB's loans to SMEs via financial intermediaries is proportionately small relative to demand. The impact on individual SMEs might be significant however, even as the cumulative impact is likely to be smaller than that of other Bank investments.

8.2. DEVELOPMENT IMPACT "RESULTS CHAIN"

The development impact of a DFI's operations can be illustrated by a generic results chain. As shown in **Error! Reference source not found.**, the results chain shows the sequence of cause-and-effect results when an organization's resources are used to realize development impact. It demonstrates that inputs (e.g. capital and human resources) are used to execute specific activities that generate financial products for use by recipients, which over time will promote general social or economic well-being. TDB's operations, the "Activities" in the results chain, include work undertaken to identify potential clients, and appraise, structure and finance corporate projects and infrastructure, LOCs, credit guarantees and trade transactions. The intended effect of each product translates into financial and developmental results.

The long-term developmental effects are based on logical assumptions of cause-and-effect relationships between TDB's operations and financial products generating positive economic, social and environmental changes at the individual, firm, sector, national and regional levels over time. A tailored results chain for TDB can be derived by analysing the theoretical effects that TDB could have on its clients' performance through the delivery of financial products and the extent to which this, in turn, affects citizens' well-being, Member State development and regional integration. Note that the extent to which TDB's impact on member economies can be measured diminishes the further one moves away from the direct application of the Bank's resources.

Figure 5: Generic Results Chain

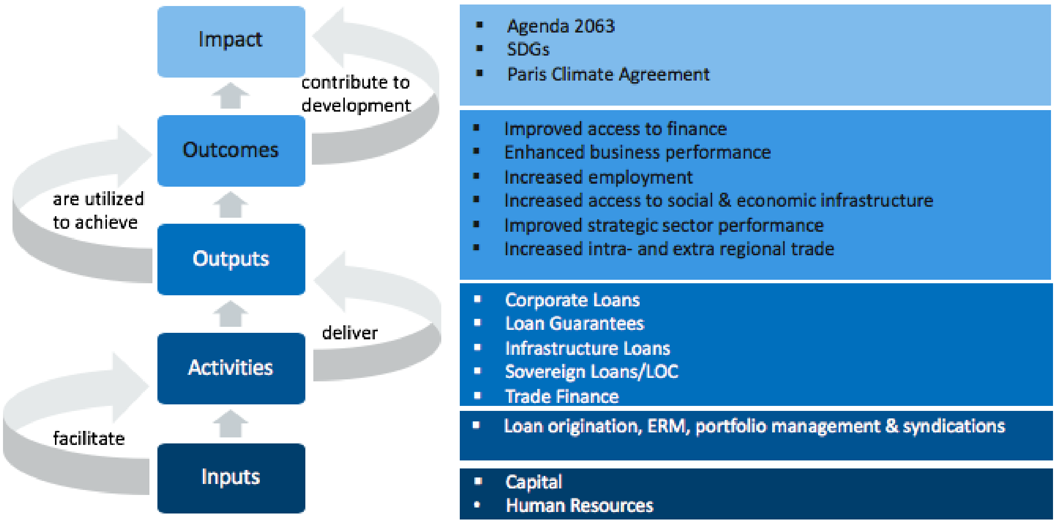


Source: Developed for this report.

TDB's Results Chain

TDB's development impact is driven by its vision of becoming "a world-class African development financial institution advancing the economic development, integration and prosperity of the region" and is influenced by its stated commitment to global and regional agreements. Shareholders' and other sources of capital when used to deliver various investment and trade finance instruments, are expected to generate positive financial returns to clients, to the Bank itself and to its financiers and partners. Cumulatively, over time, positive client performance is expected have an effect on TDB Member States. Through its financing of clients (corporate, financial intermediary and sovereign), TDB will achieve specific development outcomes that can be quantified, measured and reported. The impact monitoring system attempts to measure the scale and scope of such effects, recognizing, as noted, that the extent to which TDB's impact can be attributed diminishes as one moves further away from the direct application of its resources. TDB's results chain is illustrated in figure 6.

Figure 6: TDB Results Chain



Source: Developed for this report.

This results chain can be elaborated further as a Theory of Change – a description of a sequence of events that is expected to lead to particular, desired outcomes. It demonstrates more explicitly how each output relates to one or more outcomes and how the outcomes contribute to development impact. In other words, it articulates "why do we do what we do, and the impact we expect to have." Once understood internally and combined with data, it facilitates the communication of the development impact story to shareholders and other stakeholders.

8.3. DEVELOPMENT OUTCOMES

Private sector profitability and growth are essential for the development of Member States. When exporters generate sustainable returns, they can help bolster foreign exchange reserves and reduce trade deficits. Furthermore, the development of social and economic infrastructure is critical for both national economic growth and the well-being of citizens.

The effect of TDB's operations can be categorized into six distinct yet interlinked development outcomes, and related SDGs and the Paris Climate Agreement as below.

Outcome 1: Improved access to finance
Related SDGs:

- TDB provides financing for corporates which may not otherwise be available or are not available on terms (tenors) and conditions from commercial banks that meet the needs of borrowers.
- TDB's loan guarantees increase the capacity of financial institutions in 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. SMEs with a good track record may be able to access multiple loans to grow their businesses over time.**

- TDB operating as lead arranger or as a party to a syndicated loan **contributes to structuring and financing large loans, thus facilitating the execution of large-scale infrastructure projects**. The development impact of large projects can be significant in terms employment generated, tax revenues, or the number of users or customers reached (e.g. ICT, energy, or transportation).
- TDB operating as the initial mandated lead arranger or a syndicate partner in large sovereign loans allows countries to refinance short-term commercial debt by arranging loans with a longer tenor. This creates **fiscal space within national budgets** for investment in infrastructure or for reducing interest payments.

Outcome 2: Improved corporate performance
Related SDGs:

- Loans to large corporates and SMEs support **increased productivity, sales, exports and profits**. New and expanding businesses **generate decent jobs**. Investments in green technology improve the **environmental performance** of enterprises (e.g. energy efficiency, waste reduction, reuse and recycling, and a reduction of GHGs and other pollutants). Improved private sector performance contributes to higher GDP growth.

Outcome 3: Increased employment
Related SDGs:

- Investments in infrastructure and corporations and in building export markets **generate temporary jobs in construction and permanent jobs in business operations**. Investments in SMEs and sectors with extensive value chains improves employment and livelihoods of small producers. Increased employment reduces poverty levels and contributes to higher GDP and payroll tax revenues.

Outcome 4: Increased access to social and economic infrastructure
Related SDGs:

- Infrastructure investments expand the stock of infrastructure, reduce transportation costs which improves private sector productivity; energy security, ease of movement and regional integration. Investments in the health and education sector improve health and education outcomes which contribute to reducing poverty.

Outcome 5: Improved strategic sector performance
Related SDGs:

- Trade finance can ensure that strategic sectors that underpin the economy have adequate and reliable inputs to increase their efficiency and productivity.
- High-value exports can make significant contributions to economic growth and foreign exchange reserves.
- Key investments strategic sectors (eg. transportation, energy, tourism, agriculture, construction) can generate knock-on effects for the entire economy by providing necessary inputs, development of value chains and indirect jobs.
- Trade facility support for food imports and investments in domestic agriculture can help increase food security and reduce hunger.
- Investments in energy, particularly clean energy, increase national energy security while minimizing the increase in GHGs.

Outcome 6: Increased intra- and extra-regional trade
Related SDGs:

- Export and import facilitation enhance global trade, regional trade and integration, leading to growth in employment and Africa's GDP.
- Trade finance facilities help member state exporters to access new markets and new customers.
- Transport infrastructure development and logistics reduce the cost of moving goods across borders and increase the competitiveness of intra-regional trade.
- Investments in corporates expand production, which can lead to increased exports to Member States and the global market.

8.4. ADDITIONALITY

Additionality is recognized as a central principle of development finance. DFI support is intended to make a contribution beyond what is available in the market and not to crowd out the private sector. Additionality is the extent to which a DFI'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. Additionality is therefore different from development impact. DFIs cannot claim 100% of a project's results as "their" impact when they have only contributed a portion of the finance as part of the syndicate. Most DFIs address this by reflecting the additionality of their financing.

TDB's demonstrates additionality across its portfolio in different ways and ensures that it does not crowd out commercial financial players in the deal. The notion of additionality is especially evident in its syndication activities. However, as TDB pursues more or larger syndicated deals, the extent to which it can claim "responsibility" for the development impact of these projects diminishes. When claiming the development impact of a syndicated project, at least one of the following conditions should be in place:

- **Financial additionality:** The project outcomes would probably not have been achieved without TDB financing.
- **Non-financial additionality:** TDB's participation ensures the achievement of development outcomes in a more sustainable way; for example, it helps clients improve the project design, the environmental, social, or corporate governance outcomes, or gender equity practices.
- **Risk reduction:** TDB's participation reduces the project's risk or the perception thereof through its reputation in the market, its role as an "honest broker", trusted and long-term client partnerships, a signaling function for sound projects, its convening power, its close relationships with governments, and/or its rigorous due diligence processes.

For example, TDB's objectives for its sovereign syndicated lending strategy aim to provide benefits to Member States that are not otherwise available, while crowding in other financing sources. TDB provides additionality by facilitating more efficient sovereign debt management through longer tenor loans; crowding in African and global capital into a Member State; and introducing the Bank's sovereign clients to the debt capital markets and a wide network of potential funders.

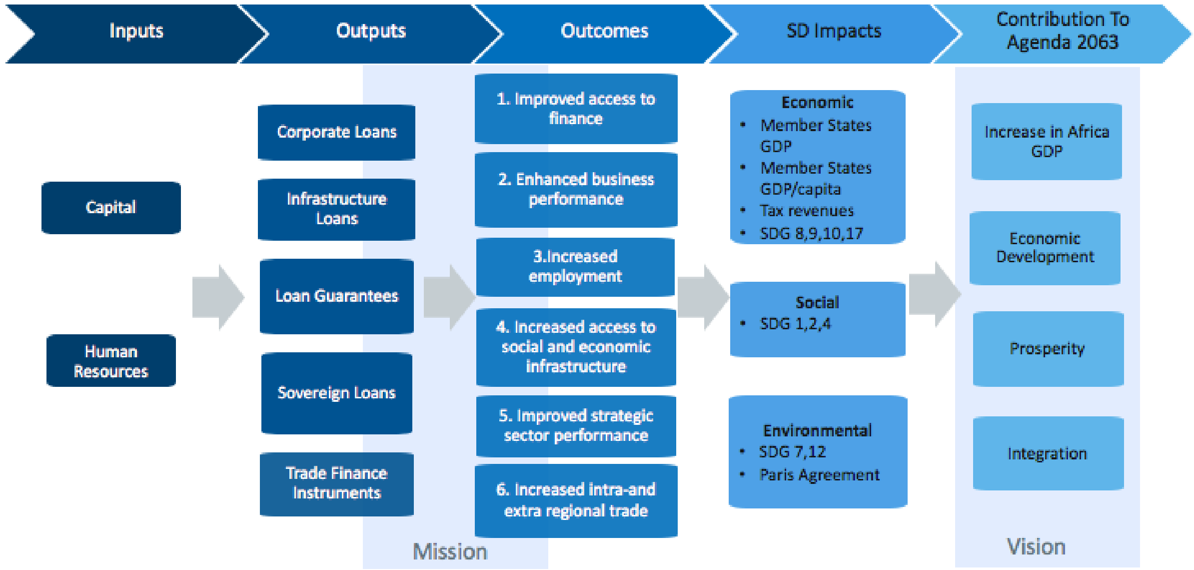
It is useful in sustainable development impact reporting to demonstrate TDB's additionality through traditional lending as well as participating in syndicated loans. The greater the additionality, the more readily TDB can attribute the impact of these projects to its investment. As shown in Table 3 in the next chapter, indicators can be derived to measure TDB's role in facilitating access to affordable finance by mobilizing financing from other partners (financial additionality). However, qualitative assessments of additionality may also be useful in guiding decision-making and providing a more compelling development impact story. An ex ante additionality checklist based on the multilateral development banks' Harmonized Framework for Additionality in Private Sector Operations is presented in Appendix 2.[1]

8.5. TDB'S "THEORY OF CHANGE"

TDB's development impact can be illustrated by a theory of change diagram. The theory of change summarizes the logical connection between **what** TDB does, **why** it does it, and **how** it contributes to defined development outcomes. The theory of change is complementary to the results chain. It illustrates how TDB's operations are intended to help it achieve its mission and vision.

Figure 7: TDB Theory of Change

[1] Prepared by a group of multilateral development banks, including the African Development Bank, the Asian Development Bank, the Asia Infrastructure Investment Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank Group, the Islamic Development Bank Group, the New Development Bank, and the World Bank Group in September 2018.



Source: Developed for this report.

A theory of change helps an organization establish and communicate its development impact internally and externally to key stakeholders in a succinct way. It fulfils a number of organizational needs:

- It can be a touchstone to determine whether the organization is "doing the right thing" when designing new products or approving new transactions. Does this product or transaction contribute to achieving the development outcomes?
- It establishes what should be measured and reported.
- It communicates to stakeholders the rationale for activities and how these activities lead to development outcomes.
- It prevents unrealistic expectations of the impact directly attributable to the organization's activities.

The theory of change identifies ***intended*** development impact. The next step is to demonstrate whether and to what extent development impact is ***actually*** being achieved. Chapter 7 explains how actual development impact is measured.

9. MEASURING SUSTAINABLE DEVELOPMENT IMPACT

9.1. INTRODUCTION TO THE LOGICAL FRAMEWORK "LOG FRAME"

Derived from a theory of change, a logical framework (log frame) is a convenient summary representation of what an organization is expected to achieve at progressive levels of its results chain, and how such achievement can be measured for impact, outcomes and outputs. Log frames were originally developed as a management tool to improve the planning, execution and evaluation of projects. They are now more widely used to underpin an organization's monitoring and evaluation requirements to measure development impact. To this end, they have been expanded beyond the original format to summarize not only what should be measured, but also how, by whom and how often. This modified logical framework is sometimes referred to as a results framework.

A typical logical framework is structured as shown in Table 2.

Table 2: Typical Logical Framework Structure

Expected result and indicators	Measurement unit	Data source/ means of verification	Baseline (year)	Data collection methodology	Frequency of collecting and reporting
Impact: Expected high-level result or state to which organization is contributing					
Impact indicator: Measure that demonstrates a contribution to the achievement of the expected result	E.g. % change, ratio	Where data comes from – generally external to organization	Situation or measure before intervention and year measured	How data will be collected, e.g. survey, data analysis, document review	E.g. quarterly, annually
Outcome: Expected intermediate result attributable to the utilization of outputs					
Outcome indicator: Measure that demonstrates outcome is being achieved	E.g. %, % change, $ value	Where data comes from – generally combination of internal and external sources	Situation or measure before intervention and year measured	How data will be collected, e.g. survey, evaluation, document review	E.g. quarterly, annually
Output: Tangible deliverable (item or service) or beneficiaries served directly attributable to the completion of activities					
Output indicator: Deliverable obtained from activity or input	E.g. # transactions, people, countries, $ value of project or transaction	Generally internal to the organization	Usually baseline is zero at beginning of year or project	Usually part routine data collected for operational purposes	E.g. monthly, quarterly, annually

Source: Developed for this report

The Logical Framework for TDB:

- Identifies the specific outputs for each business line and expected development outcomes, as described in the theory of change;
- Identifies specific indicators to measure performance at all levels of the results chain, corresponding to outputs, outcomes and impact; these indicators must be measured and monitored to track TDB's positive effects on clients, sectors or Member States;
- Shows the reporting frequency, source, and methodology for collecting data to measure results.

Logical frameworks are not intended to be static and should be adjusted as necessary as activities and corporate objectives are added or modified. Any new business activities designed to support TDB's overall strategy and intended development impact (as per the theory of change) should be added to the log frame, along with relevant indicators.

It is important to use a consistent definition of the measurement units to ensure comparability over time. The following tables include the indicator (what is to be measured) and a summary description to guide the collection of data.

9.2. SELECTING INDICATORS

In selecting indicators to measure sustainable development impact, it must be borne in mind that "not everything that can be measured counts, and not everything that counts can be measured". TDB could potentially ask clients to supply a large amount of internal data, covering financial performance (e.g. sales, profits, exports, payments to government, and payroll costs); social performance (e.g. employment and job quality, employee equity, inclusion, and benefits); environmental performance (e.g. energy consumption, waste management practices, or GHG emissions). However, a balance has to be struck between what data would useful for TDB's purposes and what could feasibly, accurately and reliably be collected both internally (from TDB's sources) and externally (from clients, national statistics, or third-party databases). TDB's collection of data from clients should not place an undue burden on them and should represent data that a typical enterprise may collect in the normal course of business. The provision of such data should be condition of the loan agreement between TDB and its clients.

The optimum approach is to reduce as much as possible the need for intermediaries between TDB and the ultimate beneficiary of financing in the collection of data. Where intermediaries may be necessary (e.g. trade finance, sovereign loans, or SME loans intermediated through other financial institutions), the data requested by TDB should be in line with the data that is or can be reasonably collected by the intermediary from their clients, and any covenants requiring data collection should be enforced.

The selection of indicators for the log frame satisfies four conditions:

1. The indicator reasonably demonstrates that a specific development outcome is being achieved.
2. The data required can generally be collected easily and is likely to be accurate.
3. The data required is a condition of TDB's own donors' financing or letters of credit.
4. As far as possible, indicators are harmonized with those used by other multilateral development banks.

In some cases, demonstrating that a development outcome is being achieved may require quantitative as well as qualitative data (i.e. not everything that counts can be measured). Qualitative data collection, such as by questionnaires and case studies, may be needed to enhance the development story told by the quantitative data.

9.3. SELECTING INDICATORS

Output indicators are the simplest to measure as they directly reflect TDB's activities across its products. They are typically used as key performance indicators by organizations and are usually reported on a monthly, quarterly or annual basis. Each product should be associated with one or more output indicators, which are the deliverables from the product. These deliverables are consolidated across product lines and summarized to give a headline number, as shown in the following table. The rationale for collecting this data is to track operational performance and to provide descriptive statistics of the Bank's portfolio composition and performance. It provides data on TDB's reach and the scope of its operations. Limited reach and scope would suggest limited development impact.

Table 3: Output Indicators

Output	Indicator	Description
PIF loans	Gross portfolio – PIF loans ($)	Total $ value of all active PIF loans
	Approvals – PIF loans ($)	Total $ value of PIF loans approved in financial year
	Disbursements – PIF loans ($)	Total $ value of PIF loans disbursed in financial year
	Approvals – PIF loans (#)	Total number of PIF loans approved in financial year
	Total loans (#)	Total number of PIF loans in gross PIF portfolio
	Total countries (#)	Total number of PIF beneficiary countries in gross PIF portfolio
	Country exposure (% of #)	% allocation of # of loans per country in gross PIF portfolio
	Country exposure (% of $)	% allocation of financing per country in gross portfolio
	Client segment exposure (% of #)	% allocation of loans per client segment in gross PIF portfolio
	Client segment (% of $)	% allocation of financing per client segment in gross PIF portfolio
	Greenfield projects (#)	Number of greenfield projects in gross PIF portfolio
	Brownfield projects (#)	Number of brownfield projects in gross PIF portfolio
	Sector concentration (% of #)	% allocation of number of projects per sector in gross PIF portfolio
	Sector concentration (% of $)	% allocation of financing per sector in gross PIF portfolio
Trade finance	Gross portfolio – trade finance ($)	Total $ value of all active trade finance (TF) loans
	Trade volume ($)	Total $ value of trade actively covered by TDB financing
	Approvals – trade finance ($)	Total $ value of TF loans approved in financial year
	Disbursements – trade finance ($)	Total $ value of trade finance disbursements in financial year

Output	Indicator	Description
	Total loans (#)	Total number of TF loans in gross TF portfolio
	Total countries (#)	Total number of TF beneficiary countries in gross TF portfolio
	Country exposure (% of #)	% allocation of # of loans per country in gross TF portfolio
	Country exposure (% of $)	% allocation of financing per country in gross TF portfolio
	Client segment exposure (% of #)	% allocation of loans per client segment in gross TF portfolio
	Client segment (% of $)	% allocation of financing per client segment in gross TF portfolio
	Sector concentration (% of #)	% allocation of number of projects per sector in gross TF portfolio
	Sector concentration (% of $)	% allocation of financing per sector in gross TF portfolio
Syndicated loans	# of syndicated loans	# of syndicated loans in gross portfolio
	$ TDB share in syndicated loans	$ contributed by TDB in syndicated loans in gross portfolio
CSR	CSR projects approved (#)	Number of CSR projects approved in financial year
	CSR projects approved ($)	Value ($) of CSR projects approved in financial year

Source: Developed for this report.

9.4. SELECTING INDICATORS

As discussed in Chapter 2, the cumulative benefits of outputs are expected to yield six development **outcomes**. The following tables present the measurement units and summarize the rationale for the selection of each development outcome indicator, as defined in the logical framework. Indicators with an asterisk come from the List of Harmonized Indicators for Private Sector Operations (HIPSO) agreed by a group of multilateral development banks. In 2013, 25 institutions signed a memorandum of understanding to use harmonized indicators with standardized definitions. These were developed to minimize the unintended burden created by the different reporting requirements of international financial institutions, where similar indicators with different definitions were being used to capture the same data. To date, there are 38 HIPSO reporting indicators across 15 different sectors and industries, as well as cross-cutting indicators. The most relevant and feasibly measured indicators were selected for TDB reporting. Where HIPSO indicators were not the most appropriate for TDB's portfolio and operations, more relevant indicators for similar outcomes were adopted from peer institutions, such as the Asian Development Bank.

Table 4: Outcome 1 – Improved Access to Finance

Indicator	Description	Rationale for indicator
*Outstanding SME loans	Number (#) and amount ($) of outstanding loans to SMEs	Shows value and reach of financing provided to SMEs by TDB

Indicator	Description	Rationale for indicator
Average size of SME loan	Average value ($) from total of active SMEs loans through financial institutions	Increase in loan size indicates reduced risk for SME lending and more credit available for SMEs
Average size of SME loan guarantee	Average value ($) from total of active SMEs loan guarantees through financial institutions	
#/% of SMEs obtaining first-time loans	Total number and % of SMEs with active loans who are first time borrowers	Increase shows more SMEs able to access finance for the first time
#/% of women-owned SME loan recipients	Total number and % of active SME loan recipients that are women-owned	Indicates increased access to finance for female entrepreneurs
Average size SME loan to women-owned SMEs	Average value of all FI loans to female SME borrowers from all FIs financed by TDB	Increase shows women owned SMEs able to access larger loans over time
# of corporate loans	Total number of corporate loans in gross portfolio	Increase shows more corporates taking advantage of TDB financing
#/total value of loans to first-time TDB borrowers	Total number and % of corporates with active loans who are first-time borrowers	Indicates more enterprises accessing TDB financing
% change in annual debt payments	The change in interest payments on Sovereign debt as a result of restructuring (per loan)	Indicates sovereign access to more affordable finance
Loan resources leveraged via syndication ($)	Total $ value syndicated financing of which TDB is a partner	Shows increasing volume of credit available
Leverage ratio – all syndicated loans	Ratio of total additional $ leveraged for every dollar direct TDB investment	Shows extent to which TDB is able to mobilize additional resources
Loan resources leveraged as mandated lead arranger ($ total)	Total $ value of syndicated financing where TDB is mandated lead arranger	Shows extent to which TDB is directly responsible for leveraging resources

Source: Developed for this report.

Table 5: Outcome 2 – Improved Corporate Performance

Indicator	Description	Rationale for indicator
*Growth in sales/turnover – SMEs and corporates	Annual change in sales/turnover across all active corporate loans and SME loans (disaggregated)	Increase in production, sales, exports, markets and profits shows enterprise growth and improved business performance
*Growth in profits (EBITDA)	Annual change in profits across all active corporate	

Indicator	Description	Rationale for indicator
	loans and SME loans (disaggregated)	
*Growth in production units	Annual change in units produced (relevant to project financed)	
Export growth (% of $)	Average increase in export value exporting firms with active loans	Demonstrates TDB's contribution to global trade (exports)
% (units)	Average increase in units of exporting firms with active loans	
Off grid/self-generation renewable energy (MW)	Installed MW renewable energy capacity financed TDB for internal corporate consumption	Demonstrates TDB's contribution to reduction of GHGs by industry in keeping with SDGs and Paris Agreement
Energy efficiency, waste management/recycling technology (# firms)	# of firms supported by TDB to introduce waste management/recycling technologies or energy efficient improvements.	Demonstrates TDB's contribution to meeting SDG 12.

Source: Developed for this report.

The expectation is for business performance to improve year-on-year, evidenced by growth in key financial indicators. It is understood however, that individual companies may show negative growth in a particular year, which will affect the overall average of the portfolio.

Table 6: Outcome 3 – Increased Employment

Indicator	Description	Rationale for indicator
*Direct male employment - operations and maintenance (male) – full-time equivalent (FTE)	FTE numbers of males and females (disaggregated) working for clients with active loans during operation and maintenance phase. FTE = 40 hr/week or as otherwise determined by each recipient country	Shows the extent to which TDB-financed activities contribute to increased employment, which contributes to meeting SDGs 1 and 8
*Direct female employment -operations and maintenance (FTE)		
*Direct employment – construction phase (gender disaggregated if possible) (FTE)	FTE numbers of males and females working (disaggregated) for clients with active loans during construction. FTE = 40 hr/week or as otherwise determined by each recipient country	

Source: Developed for this report.

Table 7: Outcome 4 – Increased Access to Social and Economic Infrastructure

Indicator	Description	Rationale for indicators
*Education – students enrolled (# M/F)	# of individual students enrolled for FY (full and part time) – gender disaggregated	Shows TDB financing providing access to education (SDG3)
Health – new hospital beds (#)	# of new beds in facilities financed by TDB	Shows TDB financing providing access to new healthcare services
*Health – # patients served per year	# patients consultations provided during FY in facilities financed by TDB	
Transportation – new or upgraded roads/railway (km)	Km of new or upgraded roads or railway financed by TDB	Shows TDB financing providing access to new transportation services (SDG 9)
*Transportation – passenger use (#)	# of passengers using transportation service financed by investment (where measurable – rail/air)	
Energy – # of new households with access to energy	Number of new households given energy connection by projects with active loans	Shows TDB financing providing access to new energy services (SDG 7)
Energy – installed generation (MW)	Energy generated by projects with active loans	
ICT – km fibre-optic network	Length of installed fibre-optic cable financed by TDB	Shows TDB financing providing access to ICT services
*ICT – new customers (mobile subscribers)	# of mobile subscribers including voice and data	
*ICT – new customers (# fixed data subscribers)	# of fixed line subscribers (e.g. ASDL, broadband, fibre)	

Source: Developed for this report.

Table 8: Outcome 5 – Improved Strategic Sector Performance

Indicator	Description	Rationale for indicators
Green energy – renewable energy generated) MW	Installed generating capacity of renewable energy facilities financed (wind, hydro, solar, geothermal)	Shows TDB financing supporting renewable energy (SDG 7)
Green energy – avoided CO_2 equivalent emissions (tCO_2 equiv.)	Avoided CO_2 emissions.	
Agriculture – yield (production units/ha)	Yield from fields supported by imported agriculture inputs under TF and active agriculture loans	Shows TDB supporting food security, domestic and export

Indicator	Description	Rationale for indicators
Agribusiness – volume/units of value-added product (tonnes/#)	Production of value-added agriculture products financed by active loans	agriculture/agribusiness (SDG 2)
Agriculture and agribusiness sales ($)	Aggregate of sales of primary and value-added products financed by active loans	
Agriculture and agribusiness farmers reached (#)	# of farmers linked to client as suppliers/out-growers	Shows TDB supporting expansion of agricultural value chains (SDG 2)
Agriculture – farmers reached (#)	# of farmers provided with agriculture inputs under TF	
Petrochemicals: equivalent fuel reserves imported (days)	Equivalent number of days strategic fuel reserves financed by TF	Shows TDB support for critical imports
Machinery and equipment: Productivity (units/day)	Productivity of clients financed by TDB equipment loans/lease financing	Shows TDB's knock-on effect of importation of critical machinery and equipment
Import substitution: Foreign exchange savings	$ value of imports now produced by local firms	Shows TDB's contribution to foreign exchange savings

Source: Developed for this report.

Table 9: Outcome 6 – Increased Intra- and Extra-Regional Trade

Measurement unit	Description	Rationale for indicators
Access to new regional markets (#)	# of TF clients (directly or through export credit agencies) accessing new regional markets (AfCFTA)	Shows extent to which TDB trade finance facilitates new regional market access
Access to new regional markets ($)	Total sales ($) to new regional markets (directly or through export development agencies) accessing new regional markets (AfCFTA)	
Access to new extra regional/global markets (#)	# of TF clients (directly or through export credit agencies) accessing new extra regional/global markets	Shows the extent to which TDB supports global exports and market expansion
Access to extra regional/global markets ($)	Total sales ($) to new extra regional/global markets (directly or	

	through export development agencies)	
Growth in export volume or foreign exchange earnings	Average annual change in total export revenues/FE earnings for exporters in Trade Finance Portfolio	
Cross-border power sales (MW)	MW power sold within Member States	Shows extent to which TDB support of energy sector facilitates regional energy integration
Cross-border power sales ($)	Value of power sold within Member States	

Source: Developed for this report.

9.5. IMPACT INDICATORS

Table 10: Impact Indicators

Measurement unit	Description	Rationale for indicators
Member State GDP ($) and % growth	GDP and growth of GDP as recorded in national statistics	Shows trends in member country GDP growth that may be partly attributable to TDB's investments
Total GDP % growth of Member States	Aggregate GDP growth in Member States	
Payments to government ($)	Total annual payments to government by corporates in the gross portfolio; includes at least corporate and payroll taxes, sales taxes/VAT, licenses and royalties)	Shows trends in payments to governments from the private sector that may partly be attributable to better private sector performance
Member State GDP per capita ($)	GDP per capita as recorded in national statistics	Shows trends in extent to which population may be benefiting from GDP growth in countries receiving TDB financing
Member State exports as % of GDP	Exports as a percentage of GDP (disaggregated by country) as recorded in national statistics	Shows extent to which TDB financing may be contributing to exports increasing as a share of GDP

Source: Developed for this report.

9.6. DATA COLLECTION AND SOURCES

For sustainable development monitoring and assessment, **data collection tools and processes are required across the organization.** The logical framework identifies the source of data to measure the indicator and sets out how often the data is collected. Generally, the lower down the results chain, the more easily and often data is collected. For the TDB log frame, the main sources of data are TDB's own database and client records. Impact indicators can be obtained from national statistics or compilers such as the World Bank and the COMESA Secretariat. All staff dealing with transactions have a role in collecting data to measure development impact.

9.6.1 EX-ANTE AND BASELINE DATA COLLECTION

TDB's system needs to capture to the best extent possible the anticipated effects of development impacts on an ex ante (i.e. during the application and appraisal phase) and ex post basis (i.e. through a client follow-up mechanism as part of portfolio management). It is important to capture relevant baseline information (the status of the indicators before transactions are executed) on, for example, sales, profits, production, employment, annual exports, markets, and the like.

The appraisal and due diligence process should capture the relevant data to demonstrate the ***anticipated*** development impact of each transaction. To this end, the **Development Impact Data Checklist in Appendix B** should be used to ensure that the client provides all the data needed. The checklist is derived from the indicators in the logical framework. Once the data has been collected, the anticipated development impact of the proposed transaction can be assessed, using **Appendix C: Ex Ante Assessment of Development Impact**. This tool, which captures economic, social and environmental benefits, is essentially a mapping of the expected project benefits against TDB's development outcomes and contribution to the SDGs. The tool provides a consistent methodology for describing development impact across all loan appraisal documents and supports the completion of the development impact sections in loan appraisal and approval documents. Once the assessment has been done, the information is used to prepare a standardized presentation of development impact in all appraisal documents (see Appendix D).

Table 11: Overview of Ex Ante and Baseline Data Entry Responsibilities

Tool	Application stage	Responsibility
Ex ante data collection checklist	Appraisal/due diligence	PIF/TF
Ex ante assessment of development impact	Preparation of Credit Committee Memo	PIF/TF

Source: Developed for this report.

9.6.2 MONITORING

Monitoring the performance of the loan and progress towards achieving its development impact is undertaken as a part of regular portfolio monitoring activities. **Appendix E: Loan Status Report** is used to keep track of the movement of indicators and to assess whether the project or activity is on track to meet financial targets and development outcomes. It allows the identification of issues that may affect loan performance or development results and provides an opportunity to document these for action and follow up. It is recommended that status updates be undertaken annually to feed into the preparation of both the annual report and the sustainability report.

9.6.3 EX-POST DATA COLLECTION

While the client can estimate the anticipated results at appraisal (e.g. employment or export volumes), it is important to verify the ***actual*** results after the transaction has been completed and sufficient time has elapsed. Ex post data collection is critical to verify actual development impact. Since PIF loans are long-term loans, TDB will, while monitoring the projects using the status report tool, collect data over a sufficient period to verify business improvement indicators. The final determination of development impact is done after the loan has been discharged. Using **Appendix F: Final Report Template and Ex Post Development Impact Assessment**, data will be collected that compares the actual results to the anticipated results. The purpose of this exercise is to validate the transaction's contribution to TDB's development outcomes and to determine whether the project had the intended development impact.

9.6.4 CASE STUDIES

Case studies are an important tool to demonstrate development impact. They highlight specific development impacts and illustrate how the theory of change is actually realized. Case studies also allow compelling stories to be told to support the quantitative results. Potential case study subjects are identified after completion of **Appendix F: Final Report Template and Ex Post Development Impact Assessment.** The tool identifies criteria for determining whether a project can be considered to have had a high impact. Transactions with a high impact can then be considered as candidates for the development of case studies, which can be published in TDB's sustainability report or other communication materials.

10. INTERNAL SUSTAINABILITY REPORTING

10.1 INTRODUCTION

TDB's approach to sustainability reporting must reflect its unique institutional reality and stated commitment to the concept of sustainability. DFI best practice includes reporting not only on the sustainable development impacts of financing activity, but also on the social and environmental impacts of a bank's own administrative operations. Reviewing the social and environmental impacts of an organization's administration and physical operations, corporate governance and CSR represents a more holistic and deeper approach to sustainability. The Global Reporting Initiative, a voluntary global standard for sustainability reporting by the private sector on a range of economic, environmental and social issues, is considered the gold standard for sustainability reporting. TDB may want to take a phased approach over time in this regard, as it enhances its development impact reporting and fully implements its new ESMS and CSR policies.

Outlined below are the key elements for public reporting on the internal aspects of TDB's social and environmental impacts arising from its day-to-day administrative operations and non-finance activities.

10.2 CORPORATE SOCIAL RESPONSIBILITY REPORTING

The CSR policy, one of the components of TDB's sustainability framework, states that the Bank will report details of the achievements of its CSR projects in comparison with their intended outcomes. Reporting on CSR activities allows the Bank not only to present its initiatives to stakeholders but also to communicate its values. It enhances the transparency and supervision of CSR initiatives; strengthens stakeholder involvement; creates opportunities for cooperation with other organizations or governments; and builds client satisfaction. Reporting on CSR also contributes to employee engagement – awareness of corporate initiatives and a positive public image both enhance employee satisfaction. To achieve these objectives, CSR reports should meet at least the following criteria: (a) credibility (e.g. set out data collection methods and policies, and ideally be independently verified), (b) completeness (i.e. covering all aspects of the business), (c) significance (i.e. report on a sufficient number of quantitative and qualitative indicators), and (d) appropriate form (i.e. be clear and not too brief).

The use of the CSR Project Final Report Template contributes to the operationalization of TDB's CSR strategy by providing information for the Bank to report on the results of its CSR activities.

10.2.1 STAFF ENGAGEMENT, ORGANISATIONAL CULTURE AND

a) TDB Academy

As part of TDB's commitment to its strategic goal of operational excellence, it is considering an academy to train its staff and, over time, external students. During a pilot run in 2018, the academy conducted training on topics such as Invoice and

Receivables Discounting, Structured Trade and Commodity Financing, Islamic Finance, Blended Finance, and Climate Change Risks and Opportunities for the Finance Sector. Some of these courses were provided entirely by external partners, some in partnership with external firms, and some were designed and delivered in-house. Examples of partner firms include KfW, the European Investment Bank and PwC. The future of the academy is still being decided, and the Bank is evaluating the results of the pilot.

10.2.2 ENVIRONMENTAL IMPACT OF TDB'S OPERATIONS

Over time, TDB may want to report on its environmental footprint – the sum of its consumption of resources and generation of waste, comprising energy use, employee travel, paper consumption, water use, and waste generation. If TDB is committed to reducing its environmental footprint, it will have to establish a baseline and develop plans to reduce consumption of energy and materials, generation of waste, and set a target to operate as a carbon-neutral organization over a 3–5-year period. TDB can then report on progress towards meeting internal environmental targets. The critical contributors to consumption of resources and waste generation are as follows:

a) Greenhouse gases and energy

Based on studies of similar organizations, the majority of GHG emissions for an operation such as TDB are indirect, through purchased electricity, employee travel (air and ground transport), and the delivery of supplies to properties. TDB uses energy for temperature control and ventilation of buildings, lighting and to run technological infrastructure systems. It should ideally:

a. Measure and track its GHG emissions;
b. Reduce GHG emissions through improvements in energy efficiency, reduced consumption, and the use of renewable energy;
c. Purchase offsets in order to be carbon-neutral for the balance of emissions.

b) Paper use

As a large financial organisation, TDB uses a good deal of paper. It can reduce its environmental footprint by committing to reducing paper use, recycling, and purchasing certified sustainably sourced paper. TDB can calculate the paper consumption of its operations and the amount of purchased paper that is certified sustainably produced and then develop a paper reduction strategy. Progress towards reducing paper use should be measured and reported.

c) Green buildings

TDB has operations in several countries. Its environmental footprint includes the energy, water and waste management practices in the buildings it occupies. TDB can establish energy use, water use, and waste management targets and encourage environmentally sound practices in each of its offices. It can deliberately reduce the impact of its real estate by occupying energy-efficient buildings (such as Leadership in Energy and Environmental Design-certified buildings); using water-conserving fixtures, appliances and landscaping; and completing waste audits to identify opportunities for reducing waste and improving waste management practices.

d) Electronic waste

Electronic waste (e-waste) is often a significant component of waste generated by an organization like TDB. E-waste is rich in precious metals, such as copper, gold, platinum and palladium, that can be recovered and reused. E-waste can also contain hazardous heavy metals. Improper disposal of e-waste can result in the loss of the valuable components and potential environmental contamination by the hazardous ones. TDB can audit its e-waste stream and disposal practices and commit to sending zero electronic waste to landfills.

11. IMPACT MONITORING AND ACCOUNTABILITY RESPONSIBILITIES

Responsibility for development impact measurement and reporting falls along all levels of TDB's organizational structure.

Table 12: Proposed Impact Monitoring and Accountability Responsibilities

Department	Title	Responsibility
PIF		
Trade Finance		
Syndications		
Portfolio Management		
Credit Risk		
Corporate Affairs and Investor Relations		

Source: Developed for this report.

12. REVIEW AND UPDATING TDB'S SUSTAINABILTY IMPACT ASSESSMENT MONITORING SYSTEM

This version of the Sustainable Development Impact Monitoring System is based on observed trends over the past three years and the implementation of the Corporate Plan 2018–22. Anticipated development impacts as described in this document would be subject to change over time; therefore, the document is not static and should be updated periodically.

The review of the system should be aligned with TDB's corporate planning process, as the two processes are interlinked. At the time of corporate plan review, TDB should ensure that any changes to its vision, mission and corporate objectives are accounted for and compatible with the sustainable development impact framework.

Other triggers to update the framework include significant shifts in the external environment that may change the demand for TDB's products, and the introduction of new products or a focus on new sectors that may need to be reflected in the logical framework, particularly at the output and outcome levels. It is anticipated that modifications would be needed mainly at the output and outcome levels, since TDB's intended development impact (and thus its impact indicators) should not change significantly, given its mandate.

The responsibility for reviewing and updating this document will be assigned to a specific role or team within the bank. On review of this document, the current version will be retired and replaced by a dated, updated version made available to all TDB staff.

13. TDB LOGICAL FRAMEWORK

LOGICAL FRAMEWORK – TDB

Expected Result, Indicators and Measurement Unit		Definition	Data Source/ Means of Verification	Baseline year for comparison/ aggregation	Data Collection Methodology	Frequency of collecting & reporting
Development Impact: Member country achievement of SDGs, economic development and prosperity; and regional integration						
Member State Poverty Rate	%	% of persons in poverty disaggregated by member country	National Statistics or WB Database		On-line research/document review	Every three years
Member State GDP growth	%	Gross Domestic Product and growth of GDP as recorded in national statistic				
Regional GDP growth	%	Aggregate GDP growth in Member States	COMSTAT or national statistics			
Payments to government	$	Total annual payments to Government by corporates in the gross portfolio. Includes at a minimum corporate and payroll taxes, sales taxes/VAT, licenses and royalties)	Client Records		Client survey/monitoring report	
Member State GDP per capita	$	GDP per capita as recorded in national statistics	National Statistics or		On-line research/document review	

Member State exports as percentage of GDP	%	Exports as a percentage of GDP (disaggregated by country) as recorded in national statistics	WB Database			
Intra-Member States Exports: goods disaggregated by country	$	Value of export of goods and services between Member States as recorded in Member States International Trade Statistics	Member States International Trade Statistics Report			
Intra-Member States Imports: goods disaggregated by country	$					
Intra-Member States Exports: services disaggregated by country	$	Value of export of goods and services between Member States as recorded in Member States International Trade Statistics. Includes travel, transport, other business services, ICT and financial services				
Intra-Member States Imports: services disaggregated by country	$					
Outcome 1 : Increased access to finance						
Outstanding SME Loans	$	Value of outstanding loans to SMEs				Annually
	#	Number of outstanding loans to SMEs in gross portfolio				
Average size of SME loan	$	Average size of all active loans/guarantees	Financial intermediary records		Portfolio monitoring and client survey	Annually
Average SME loan guarantee	$					

		through TDB lending through FIs				
SMEs receiving first time loans/guarantees	# %	Total number and share of first time borrowers from all FIs financed by TDB				
Women owned SME loan & guarantee recipients	# %	Total number and share of active SME borrowers from FIs that are women-owned				
Average size SME loan to women-owned SMEs	$	Average value of all FI loans to female SME borrowers from all FIs financed by TDB				
# of corporate loans	#	Total number of corporate loans in gross portfolio	TDB-PIF		Portfolio review	Annually
Loans to first-time TDB borrowers	$ #	Total number and % of corporates with active loans who are first time borrowers	TDB - PIF			
Change interest payments (per sovereign loan)	%	% change in annual interest payments after loan compared to before the loan	TDB-			
Loan resources leveraged via syndication	$	Total loan resources to clients financed by TDB as part of syndicate	TDB-Syndications			
Leverage ratio – all syndicated loans	Ratio	Ratio of total additional $ leveraged for every	TDB - Syndications			

		dollar direct TDB investment				
Loan resources leveraged as mandated lead arranger	$	Total loan resources to clients financed by TDB with TDB as mandated lead arranger	TDB - Syndications			
Outcome 2: Improved corporate performance						
Growth in annual sales/turnover growth (SMEs and Corporates)	%	Annual change in sales/turnover across all active corporate and SME loans (disaggregated)	Client records		Portfolio monitoring/client survey	Annually
Growth in annual profit (EBITDA)	%	Annual change in profits across all active corporate loans and SME loans (disaggregated)				
Growth in production	%	Annual change in units produced (relevant to project financed)				
Export growth	% ($)	Average increase in export value of exporting firms with active loans				
	% (units)	Average increase in units exported by exporting firms with active loans				

Off-grid/self-generation renewable energy	MW	Installed MW renewable energy capacity financed by TDB for internal consumption				
# firms with energy efficiency/green technology	# firms	Number of projects financed including new/green tech (includes energy efficiency, recycling, waste management				
Outcome 3: Increased employment						
*Direct male employment (operations and maintenance) (male)	FTE	Total number males and females working for client company or project with active loans for FY.			Portfolio monitoring/client survey	Annually
*Direct female employment (operations and maintenance) (female)	FTE					
*Direct employment male and female (construction phase)	FTE	Total number males and females employed by firms with active loans (including construction)	Client records			
*Direct female employment (operations and maintenance) (female)	FTE					

*Direct employment male and female (construction phase)	FTE #-	Total number males and females employed by firms with active loans (including construction) # of individual students enrolled for FY (full and part time)				
Outcome 4: Increased access to social and economic infrastructure						
*Education: Students enrolled	#	# of individual students enrolled for FY (full and part time – gender disaggregated)	Client records		Portfolio monitoring/client survey	Annually
*Health: New beds	#	# of new beds financed by TDB/syndicate investment				
*Health: Patients served	#	# patients consultations provided during FY				
*Roads: New or upgraded roads	km	Km of new or upgraded roads financed by active TDB/syndicate investment				
*Passenger use	#	# of passengers using transportation service financed by TDB/syndicate investment (where measurable – rail/air)				
Energy: Installed energy generated	#MW	Energy generated by projects with active loans				

Energy: New households connected to electricity	#	Number of new households given energy connection by projects with active loans				
ICT: Length off fibre optic cable installed	km	Amount of installed fibre optic cable financed by projects with active loans				
*ICT: # of fixed data subscriptions	#	(Eg. ASDL, Broadband, Fibre)				
*ICT: # of mobile subscribers	#	Including voice and data	Client records			
Outcome 5: Increased strategic sector performance						
Green energy: Renewable energy generated	MW	Installed generating capacity of renewable energy facilities financed (wind, hydro, solar, geothermal)	Client records			Annually
Green energy: Avoided CO_2 equivalent emissions	tCO_2-equiv/yr	Avoided CO_2 emissions	Client records			
Agriculture yield: Production units/ha	Units/ha	Yield from fields supported by agriculture imported agriculture inputs	Client records		Portfolio monitoring/client survey	Annually
Green energy: Avoided CO_2 equivalent emissions	tCO_2-equiv/yr	Yield from TDB direct agri-business clients	Client records		Portfolio monitoring/client survey	Annually
Agriculture sales# farmers reached	\$ \#	Aggregate of sales from all active agriculture loans				

		# of farmers linked to client as suppliers/out-growers				
Petrochemicals: # days equivalent fuel reserves imported	#	# of days fuel reserves annually imported through TDB trade finance				
Machinery and equipment: Productivity	Units/day	Productivity of clients financed by TDB equipment loans/lease financing				
Import substitution: Value of goods now produced previously imported	$	Value of goods produced domestically by client that replaces imported goods				
Outcome 6: Increased intra-regional intra- and extra-regional trade						
Access to new regional markets	#	# of TF clients accessing new regional markets (AfCFTA) (directly or through export credit agencies)	Client records		Portfolio monitoring/client survey	
	$	Total sales to new regional markets (AfCFTA) (directly or through export credit agencies)				
Access to new extra regional/global markets	#	# of TF clients accessing new extra regional/global				

		markets (directly or through export credit agencies				
	$	Total sales by TF clients to new extra regional/global markets (directly or through export credit agencies				
Growth in export volume or foreign exchange earnings	%	Average annual change in total export revenues/FE earnings for exporters in Trade Finance Portfolio				
Imports from regional markets facilitated	$	Value of imports facilitated within AfCFTA through TF				
Cross border power sales	$	Value of sale of power across borders				
	MW	Amount of power sold across borders				
Outputs						
PIF Loans						
Gross portfolio – PIF loans	$	Total value of all active PIF loans				
Approvals – PIF Loans	$	Total value of PIF loans approved for FY				

Disbursements – PIF Loans	$	Total value of PIF loan disbursements			PMD	Quarterly Portfolio Report
Approvals – PIF Loans	#	Total number of PIF loans approved for FY				
Total loans	#	Total number of PIF loans in gross PIF portfolio				
Total countries	#	Total number of PIF beneficiary countries in gross PIF portfolio				
Country exposure (% of #)	%	% allocation of # of loans per country in gross PIF portfolio				
Country exposure (% of $)	%	% allocation of financing per country in gross portfolio				
Client segment exposure (% of #)	%	% allocation of loans per client segment in gross PIF portfolio				
Client segment (% of $)	%	% allocation of financing per client segment in gross PIF portfolio				
Greenfield projects (#)	#	Number of greenfield projects in gross PIF portfolio				Quarterly Portfolio Report
Brownfield projects (#)	#	Number of brownfield projects in gross PIF portfolio				
Sector concentration	% of #	% allocation of number of projects				

		per sector in gross PIF portfolio				
Sector concentration	% of $	% allocation of financing per sector in gross PIF portfolio				
Trade Finance						
Gross portfolio – Trade finance	$	Total $ value of all active Trade Finance loans				Quarterly Portfolio Report
Trade volume	$	Total $ value of trade actively covered by TDB financing				
Approvals – TF Loans	$	Total value of TF loans approved for FY			PMD	
Disbursements - TF	$	Total value of Trade Finance disbursements				
Total loans	#	Total number of TF loans in gross TF portfolio				
Total countries	#	Total number of TF beneficiary countries in gross TF portfolio				
Country exposure	% of #	% allocation of # of loans per country in gross TF portfolio				
Country exposure	% of $	% allocation of financing per country in gross TF portfolio				
Client segment exposure	% of #	% allocation of loans per client segment in gross TF portfolio				

Client segment	% of $	% allocation of financing per client segment in gross TF portfolio				Quarterly Portfolio Report
Sector concentration	% of #	% allocation of number of projects per sector in gross TF portfolio				
Sector concentration	% of $	% allocation of financing per sector in gross TF portfolio				
Syndications						
Syndicated loans	#	# of syndicated loans in gross portfolio				Annually
TDB share in syndicated loans	$	$ contributed by TDB in syndicated loans in gross portfolio				
CSR						
CSR projects approved	#	# of CSR projects approved				Annually
CSR projects approved	$	$ value of CSR projects approved				

APPENDICES