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TDB SUSTAINABILITY AND DEVELOPMENT IMPACT REPORT 2020: PARTNERSHIPS AND LEADERSHIP TO BUILD FORWARD BETTER

EASTERN AND SOUTHERN AFRICAN
TRADE & DEVELOPMENT BANK
BANQUE DE COMMERCE ET DE DÉVELOPPEMENT
DE L'AFRIQUE DE L'EST ET AUSTRALE

TDB SUSTAINABILITY AND DEVELOPMENT IMPACT REPORT 2020: PARTNERSHIPS AND LEADERSHIP TO BUILD FORWARD BETTER

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LIST OF ACRONYMS

ACRONYM	FULL PHRASE
ACF	AFRICAN GUARANTEE FUND
AFD	AGENCE FRANÇAISE DE DÉVELOPPEMENT (AFD)
AFRICA CDC	AFRICA CENTRES FOR DISEASE CONTROL
CABS	CENTRAL AFRICA BUILDING SOCIETY
CDC	CDC GROUP PLC
CERP	COVID-19 EMERGENCY RESPONSE PROGRAMME
COMESA	COMMON MARKET FOR EASTERN AND SOUTHERN AFRICA
CSR	CORPORATE SOCIAL RESPONSIBILITY
CWS	CABLE & WIRELESS SEYCHELLES
DCP	CASSA DEPOSITI E PRESTITI
DFI	DEVELOPMENT FINANCE INSTITUTION
EAC	EAST AFRICAN COMMUNITY
ECA	EXPORT CREDIT AGENCIES
ECI	ETIHAD CREDIT INSURANCE
ESMS	ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM
GBF	GRASSROOTS BUSINESS FUND
IDA	WORLD BANK INTERNATIONAL DEVELOPMENT ASSOCIATION
IFRS	INTERNATIONAL FINANCIAL REPORTING STANDARDS
ISDA	INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION
KEXIM	EXPORT IMPORT BANK OF KOREA
MEFMI	MACROECONOMIC AND FINANCIAL MANAGEMENT INSTITUTE OF EASTERN AND SOUTHERN AFRICA
MIGA	MULTILATERAL INVESTMENT GUARANTEE AGENCY
MOU	MEMORANDUM OF UNDERSTANDING
NHFO-RDB	NON-HONORING OF FINANCIAL OBLIGATIONS BY A REGIONAL DEVELOPMENT BANK
NPL	NON-PERFORMING LOANS
OEEB	OESTERREICHISCHE ENTWICKLUNGSBANK AG
PIF	PROJECT AND INFRASTRUCTURE FINANCE
PPE	PERSONAL PROTECTIVE EQUIPMENT
SADC	SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
SAREEE	SADC CENTRE FOR RENEWABLE ENERGY AND ENERGY EFFICIENCY
SDIMS	SUSTAINABILITY AND DEVELOPMENT IMPACT MONITORING SYSTEM
TCX	CURRENCY EXCHANGE FUND
TDB	EASTERN AND SOUTHERN AFRICAN TRADE AND DEVELOPMENT BANK
TDF	TRADE AND DEVELOPMENT FUND
TF	TRADE FINANCE
UN SDGS	UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS
USTDA	UNITED STATES TRADE AND DEVELOPMENT AGENCY
ZDA	ZAMBIAN DEVELOPMENT AGENCY

MESSAGE FROM THE CHAIRMAN OF THE BOARD

2020 was a trying year for all our 22 Member States as it was for the rest of the world. The COVID-19 pandemic threatened to undo years of development gains made in our region. During the year, our focus at TDB was twofold: assisting our Member States mitigate some of the most urgent and adverse socio-economic impacts of the COVID-19 pandemic and proactively working with them to ensure that they continued to make progress in achieving their set development goals.

The COVID-19 pandemic adversely affected the economies of our Member States. Health care systems throughout the region were strained both financially and in terms of human resources. Movement restrictions and social distancing imperatives to prevent the spread of the virus meant that education was out of reach for a significant number of children. Economically, many businesses faced decreased demand, reduced productivity, supply chain disruptions and cross-border restrictions.

As the region's development finance institution, we took up a leadership role in providing financial resources to assist our Member States to adequately respond to the socio-economic impacts of the pandemic, by ensuring the safety of our employees, and through reprioritised operations, an emergency health response, as well as new and extended partnerships to scale-up our support.

Through our operations, we stood by our Member States and assisted them to forge ahead with their development goals. We remained committed to contributing to their various national, regional and development agendas pursued by our Member States in line with their national development policies, the African Union Agenda 2063, the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement. Through our various partnerships, we mobilised financial resources towards areas that are crucial for sustainable development. As examples of this, we secured and availed financing for the expansion of the renewable energy sector in our region and worked to improve access to finance for small and medium enterprises. This financing will be crucial in helping to unlock sustainable growth in underserved segments of our economies. As our Member States slowly roll out vaccines to prevent the spread of the pandemic and start to recover from the economic impacts of the pandemic, we will be there to help them build forward to be more resilient and to advance the economic growth of the region.

On behalf of the Board of Directors, I am proud to present this 2020 Sustainability and Development Impact Report and extend my sincere gratitude to all stakeholders that made the results of our work in advancing the sustainability agenda possible. We pledge to continue finding innovative ways to maximise our development impact in Member States and improving the quality of life in our region.

JUSTE RWAMABUGA

MESSAGE FROM THE GROUP MANAGING DIRECTOR AND PRESIDENT EMERITUS

The COVID-19 pandemic is an extraordinary global health crisis which has brought unprecedented levels of social and economic shock into our Member States, including new risks which have threatened trade and development in the region. Our Member States have been facing numerous challenges from implementing stringent health regulations to combat the spread of the virus to instituting economic policies aimed at assisting businesses weather the economic impacts of the pandemic. This year, our clients were faced with higher business risks as the pandemic increased uncertainties around demand, the availability and cost of liquidity, the operation of value chains and cross-border activities. As a development finance institution, we are countercyclical by nature. As such, this year, when the going got tough, TDB got tougher.

In addition to implementing a safety-first programme for our employees and launching a COVID-19 Emergency Response Programme (CERP) for its Member States, TDB went the extra mile to ensure business continuity in the region it serves, surveying its clients to assess their needs, swiftly reprioritising its operations accordingly, and in some cases, even extending forbearance measures to those clients who were facing more difficulties.

With these more immediate measures in place, taking into consideration that the effects of the ongoing pandemic are expected to be felt over many years to come, TDB went into overdrive in 2020, forging new and extending existing partnerships to mobilise needed resources to scale-up our support and response in the short and long run. This year, we were able to mobilise more than USD 2 billion in strategic funding, cooperation and risk-sharing partnerships with multilateral and bilateral development financial institutions, like-minded commercial banks, and other key institutions.

This includes climate and SME facilities which are dedicated, often through blended finance, to green projects in our Member States and to unlocking access to much-needed financing for SMEs via regional partner financial institutions. Through these strategic collaborations, we are directly contributing to SDG 17, Partnerships for the Goals, as these will give TDB the additional thrust needed to support the implementation of the SDGs in Member States.

Through our COVID-19 Emergency Response Programme (CERP), we provided, to more than half of our Member States, personal protective equipment (PPE), medical equipment and other supplies procured and when possible manufactured in our region, to concurrently support our region's private sector and employment, especially of women and youth. We additionally provided funding to the Africa Centers for Disease Control and Prevention (Africa CDC) to support the African Union's Joint Continental Strategy for COVID-19 Outbreak.

Despite the global contraction in demand for financial services and a premium placed on liquidity this year, we were able to abate the impact of the pandemic on our operations, and alongside increases in assets, profits, equity, and other metrics, the value of our loan portfolio grew by 5.6% year-on-year to USD 5.8 billion, while keeping our non-performing loans levels under 2.9%. This highlights the resilience and quality of our portfolio. As a development finance institution, we are not only concerned with our bottom-line profit but also with the sustainable development impact that our financing has in Member States and on our clients. As such, our clients are selected not only based on their business performance but on the development impact their activities have in our Member States, which in turn, contributes to sustainable development in the region.

Looking ahead, we will continue to play a significant role in assisting our Member States and clients to build forward better.

ADMASSU TADESSE

OUR MANDATE, MISSION AND VISION

Established in 1985, the Eastern and Southern African Trade & Development Bank (TDB), is a multilateral, treaty-based development finance institution, with assets of USD 7.25 Billion and a portfolio of USD 5.81 Billion as at 31 December 2020.

Mandate

To finance and foster trade, regional economic integration and sustainable development, through trade finance, project and infrastructure finance, asset management, and advisory services.

Mission

To be at the forefront of extending development capital and services to advance regional growth and integration through customer-focused and innovative instruments.

Vision

To be a world-class African development finance institution advancing the economic development, integration, and prosperity of the region.

OUR STRATEGIC GOAL AND CORE VALUES

Strategic Goal

To be a sound financial institution intermediating global and regional capital into the region.

Core Values

- Integrity
- Adaptability
- Innovation
- Teamwork
- Client Orientation

MESSAGE FROM THE EXECUTIVE MANAGEMENT TEAM

JOY NTARE
DEPUTY GROUP MANAGING DIRECTOR & CHIEF RISK OFFICER

At TDB, we are conscious of the value mix between risk management and providing sustainable interventions for our clientele; hence, the continuous enhancement of our Bank-wide Integrated Risk Management Framework always remains our priority. The Bank has continued to integrate and embed Environmental, Social, and Governance (ESG) practices into its core credit evaluations models and internal business operations. Where appropriate, we have embraced international best practice principles of sustainable finance to optimise long term shareholder value and further create recognizable impact via our activities.

From the onset of the COVID-19 pandemic, we focused on guaranteeing business continuity, while ensuring the health and safety of our employees. Our staff has been allowed to operate remotely on the back of our robust IT systems which have ensured that service delivery to our clients is not compromised. Like most banks, the Risk function is at the heart of crisis management; as such, to minimise risk, we continue to leverage our digital prowess to support our clientele with appropriate remedial solutions and further ensure that they operate sustainably despite the challenging environment.

Whilst the immediate future outlook may appear uncertain given the pandemic, we remain optimistic as we continue to direct and implement socially conscious financing interventions and actions to alleviate the pandemic's effect on our Member States, the Bank's clientele, and staff, in a risk-intelligent manner.

DAVID BAMLANGO
DEPUTY GROUP MANAGING DIRECTOR & GENERAL COUNSEL

While several global financial institutions have expressed commitments to responsible investing and sustainable finance, many have struggled to transform those commitments into practice. Indeed, last year's changes in the global business environment have not made it any easier for financial institutions to realise their sustainable finance goals. Rather, the changes have resulted in more complex health and social challenges, with significant loss of lives and livelihoods resulting in increased levels of extreme poverty in communities.

Over the years, TDB has strategically positioned itself as a preferred regional financier with gradual but material integration of ESG considerations in its investment activities. This commitment to contribute towards a more sustainable society is aligned to TDB's mandate of advancing social and economic development in the countries where it operates. TDB is able to deliver on that commitment by funding projects that promote climate resilience, environmental and social protections, and good governance.

In line with that commitment, TDB's operations are now underpinned by a legal framework that ensures that environmental and social safeguards are consistently incorporated in financing agreements, reflecting TDB's environmental and social policies, which are consistent with internationally accepted best practices.

MICHAEL AWORI
TDB DEPUTY CHIEF EXECUTIVE OFFICER & CHIEF OPERATING OFFICER

During 2020, despite the COVID-19 Pandemic, TDB continued to both strengthen its institutional sustainability framework and meaningfully deliver on its triple bottom line mandate. To counter the significant socio-economic effects brought on by the pandemic, through our COVID-19 Emergency Response Programme, we allocated USD 1.5 million to assist our Member States to access vital medical equipment needed to fight the pandemic. We also partnered with the Africa Centres for Disease Control and Prevention (Africa CDC), donating USD 500,000 to support the COVID-19 response across the continent as part of the Africa Joint Continental Strategy for COVID-19 Outbreak.

Under our Sustainability framework, in 2020 we introduced the Sustainability and Development Impact Monitoring System (SDIMS), complementing our Environmental and Social Monitoring System as well as our CSR Policy. Through SDIMS, we have strengthened our ability to track, monitor and report the specific sustainability and development impact of our financing interventions.

In our operations, our trade finance business solidified its position as a pioneer of innovative solutions by accelerating the use of blockchain technology to facilitate continued access to trade despite the slowdown of global logistics resulting from COVID-19 related lockdowns and border closures. We processed over USD 150 million of transactions through blockchain, in minutes as opposed to weeks, financing trades addressing food security and energy sufficiency while also reducing our carbon footprint. As a leading regional DFI, we have continued to leverage our position as a partner of choice to intermediate capital into the Eastern and Southern African region with sustainable development impact at the core of our operations. Despite the difficult conditions imposed by the COVID-19 pandemic, our portfolio growth has continued and through our triple bottom line lenses, we remain focused on delivering on our financial, environmental, and social goals.

CHAPTER 1
INTRODUCTION

1.1 PURPOSE OF THE REPORT: WHY TDB DOES WHAT IT DOES

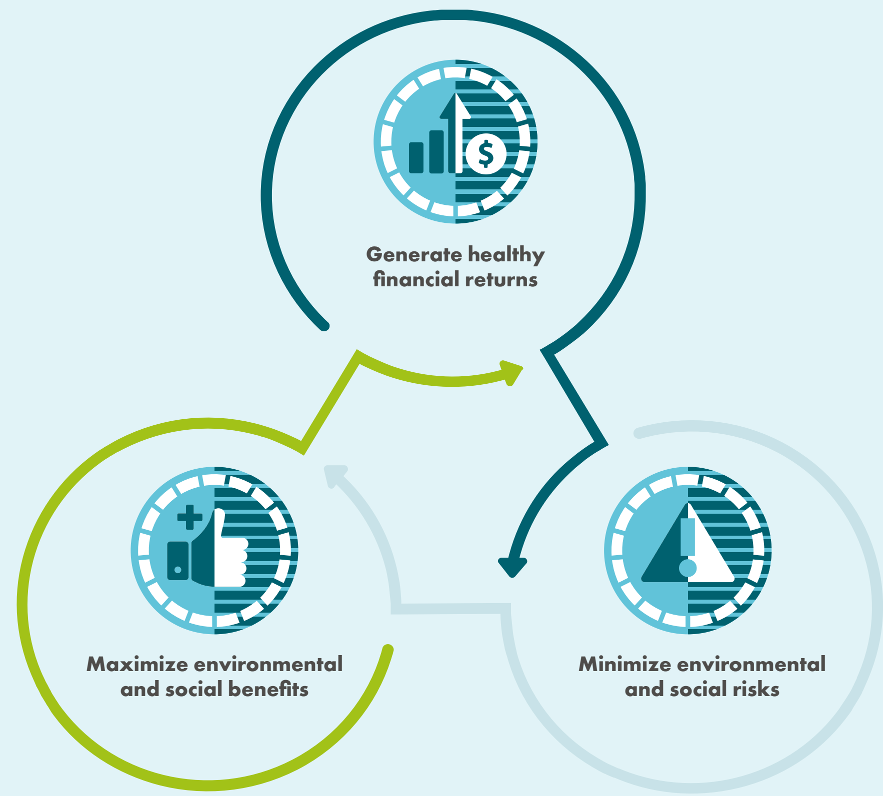
Established in 1985, the Eastern and Southern African Trade and Development Bank (TDB) is a multilateral, treaty-based, investment-grade development finance institution, with 41 sovereign and institutional shareholders. TDB serves 22 economies in its region from across the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Southern African Development Community (SADC), and the Intergovernmental Authority on Development (IGAD), with the mandate to finance and foster trade, regional economic integration and sustainable development, through trade finance, project and infrastructure finance and asset management.

TDB is part of the TDB Group, which comprises TDF (the Trade and Development Fund), ESATF (the Eastern and Southern African Trade Fund), TCI (TDB Captive Insurance), and the TDB Academy.

As a development finance institution, TDB seeks to generate healthy financial returns by meeting unmet market needs in Member States, while minimizing default, environmental and social risks at the same time maximizing environmental and social benefits. Through this 'triple bottom line', the Bank has committed itself to ensuring that its interventions have a measurable development impact and are sustainable in financial, environmental and social terms in Member States.

In 2015, TDB formally committed to sustainability principles by aligning the Bank's operations with the global development agenda as guided by the United Nations Sustainable Development Goals (SDGs), the African Union Agenda 2063 and the Paris Agreement.

Figure 1: TDB's Triple Bottom Line



Source: Developed for this Report

Internally, the sustainable development impact of TDB's operations is guided by its Environmental and Social Management System (ESMS) which is fully integrated, end-to-end, in the Bank's credit cycle process as well as its Corporate Social Responsibility (CSR) Policy. To further cement TDB's commitment to sustainable development, the Board of Directors in 2019 approved the development of the Sustainable Development Impact Monitoring System (SDIMS) which includes reporting on TDB's sustainable development impact activities. This Report, now in its second year, serves to consistently communicate TDB's development impact in Member States and beyond.

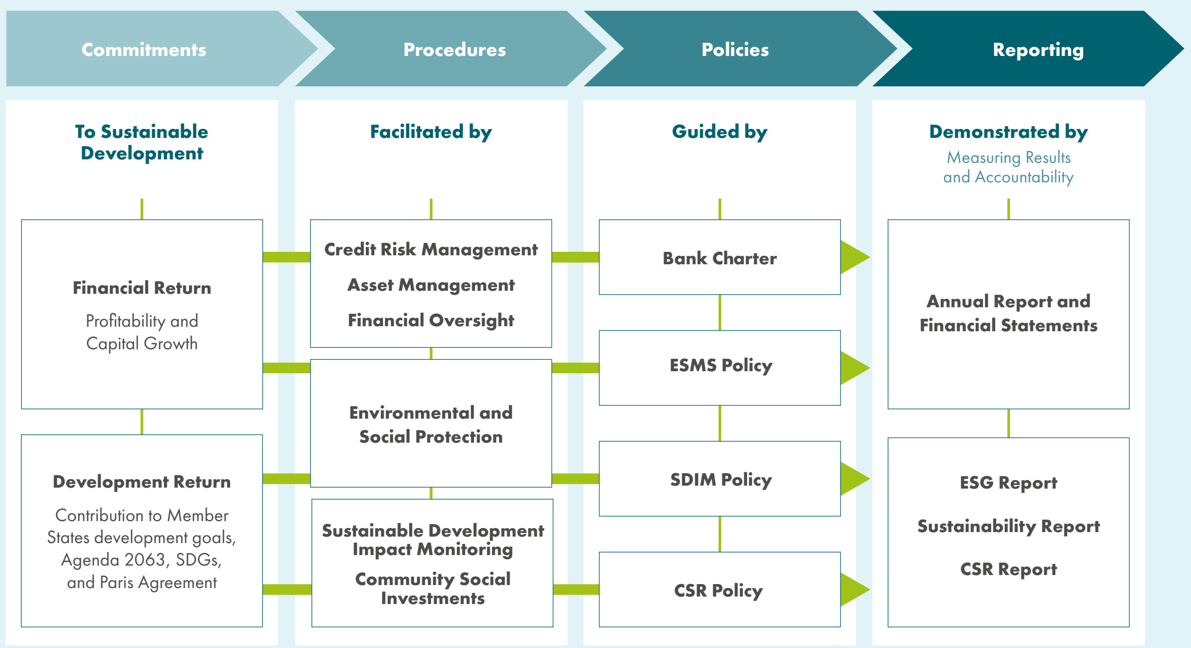
SDIMS =
Sustainable Development Impact Monitoring System

1.2 TDB'S SUSTAINABILITY AND DEVELOPMENT IMPACT MONITORING SYSTEM

Introduced in 2020, TDB's Sustainability and Development Impact Monitoring System (SDIMS) is part of the Bank's sustainability framework together with its ESMS and CSR policies (see Figure 2). Through the ESMS, TDB analyses, controls and mitigates environmental and social risks, in turn optimising the benefits of its financing operations. TDB's Corporate Social Responsibility (CSR) policy guides its non-commercial operations.

The SDIMS tracks the Bank's specific sustainable development impact as per its six development outcomes as well as global development initiatives namely the SDGs, Agenda 2063 and the Paris Agreement. The SDIMS forms the basis for the preparation of the Sustainability and Development Impact Report. Using this system, TDB is able to consistently and credibly track the sustainability and development impact of its financing activities in the Member States.

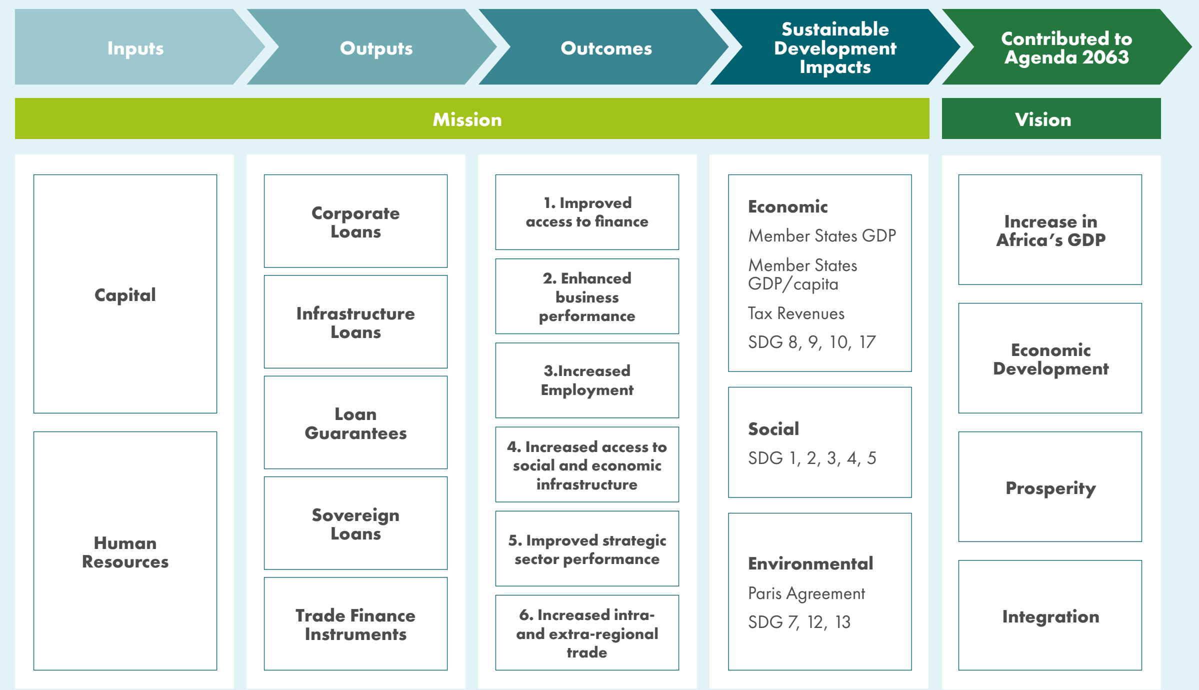
Figure 2: TDB's Sustainability Framework



Source: Developed for this Report

The SDIMS is underpinned by a Theory of Change which outlines the cause-and-effect relationship between TDB's inputs, capital and human resources, and anticipated economic, social, and environmental impact in line with the Bank's vision and mission (see Figure 3). The monitoring system explicitly states TDB's internal development drivers which are the six development outcomes and external development drivers which are the SDGs, Agenda 2063 and the Paris Agreement.

Figure 3: TDB's Theory of Change



Source: Developed for this Report

TDB's Results Chain incorporates inputs, outputs, outcomes, impact and its overall contribution to Member States' development goals, Agenda 2063, the SDGs or the Paris Agreement. The Bank's inputs are the capital and human resources that facilitate its activities. Outputs are the tangible products of its activities, which include corporate loans, project and infrastructure loans, loan guarantees, technical assistance, sovereign loans and trade finance solutions, or a blend thereof.

Outcomes are the results that its products have on social and economic development. TDB has defined six specific development outcomes which are improved access to finance, enhanced business performance, increased employment, improved access to social and economic infrastructure, improved strategic sector performance and increased intra- and extra-regional trade (see Figure 4).

Figure 4: TDB's Development Outcomes

Source: Developed for this Report

TDB's impact is the contribution these six development outcomes can make to achieving the goals of UN SDGs, Agenda 2063, or the Paris Agreement in Member States. As highlighted in the featured case studies, every investment TDB finances is expected to contribute to one or more of these development outcomes, as well as one or more SDGs. When mapped against the specific targets for each goal, TDB's activities directly align with 12 SDGs as indicated below.

Figure 5: TDB's Contribution to Specific SDGs

Source: Developed for this Report

The rest of this Report is set out as follows: section 2 discusses the internal and external drivers of TDB' sustainable development impact, while section 3 outlines the key impact themes for 2020 which were partnerships in resource mobilisation and leadership in providing financing in Member States. Section 4 discusses the development impact of TDB's portfolio in 2020 in line with the six development outcomes and SDGs. Featured throughout the Report are case studies which are intended to showcase TDB's tangible impact on the economies of Member States and on the lives of their people. These case studies demonstrate how beneficiary clients specifically use TDB's financing to contribute to sustainability in their communities as well as Member States.

CHAPTER 2
TDB'S DRIVERS OF SUSTAINABLE DEVELOPMENT

2.1 INTERNAL DRIVERS

TDB's internal drivers for sustainable development impact are supported by the six development outcomes as stated in the Bank's SDIMS, ESMS framework and CSR policy. The six development outcomes explicitly state the social and economic development impact TDB's financing has in Member States.

TDB uses these development outcomes to inform the transactions which the Bank selects to support from a development perspective. The ESMS framework guides the selection of TDB's transactions to ensure that the Bank works with clients and projects whose activities have minimal environmental and social risks.

2.1.1 DEVELOPMENT OUTCOMES: MAXIMISING TDB'S DEVELOPMENT DIVIDENDS

Improved access to finance

Through its various business lines, TDB is able to increase access to finance to both the private and public sector. TDB provides financing to the private sector through the provision of direct financing for corporates, partnering with domestic financial institutions to provide access to financing for sub-borrowers such as exporters and SMEs. The Bank provides financing for sovereigns and public enterprises. In financing corporates, TDB provides the much-needed capital for greenfield projects or business expansion, supplementing other commercial or concessional loans, or providing loans with a longer tenor than commercial banks. Through partnerships with domestic financial institutions, TDB ensures access to financing for sub-borrowers such as exporters and SMEs that would otherwise find it difficult to obtain financing on terms needed for their operations. TDB provides sovereign financing through short-term trade finance, long-term infrastructure finance and syndicated loans. The longer tenors provided by TDB allows Member States to refinance their short-term commercial debt thus helping to create fiscal space within national budgets by reducing debt payments and for making investments in critical infrastructure or other priority expenditures.

In improving access to finance for corporates, domestic financial institutions, sovereigns and public enterprises, TDB directly contributes to SDG 1 on reduced poverty as the financing provided generates employment thus income for Member States' citizens, SDG 8 on providing decent work and economic growth by providing clients with the capital to expand business operations, SDG 10 on reduced inequality within and between countries and SDG 17 by partnering with governments of Member States to achieve set development objectives.

Enhaced business performance

TDB's financing promotes investments in companies which enhance business performance and help to increase productivity, sales, exports and profits. The financing provided ensures that companies invest in growing sectors to meet growing demand for goods and services in Member States as well as promoting increased productivity within these companies. When business performance is enhanced in this way, it generates more jobs, stimulates economic growth, and increases tax revenues directly contributing to SDG 8 on decent work and economic growth and SDG 9 on industry, innovation and infrastructure.

Increased employment

Financing provided by TDB has a multiplier effect including generating employment. TDB's infrastructure investments help retain and create employment by generating temporary jobs during construction and permanent jobs in business operations and maintenance of the infrastructure. The financing supports indirect jobs whether through salaried employment, indirect employment, or by incorporating small producers into value chains. This contributes to SDG 1 on zero poverty, SDG 8 on decent work and economic growth and SDG 9 on industry, innovation and infrastructure.

Improved access to social and economic infrastructure

Access to social and economic infrastructure is crucial for economic development in TDB's Member States. Through its project and infrastructure financing, TDB's long-term window, the Bank supports the construction and expansion of rural and urban road networks, port and airport facilities, railways, hospitals, schools, water and sanitation, as well as energy generation and distribution. This infrastructure development contributes to productivity of the private sector, enhanced health and education outcomes, increased energy security, and facilitates ease of movement, thereby reducing cross-border transportation costs, and promoting regional integration through improved connectivity. Through this outcome, TDB contributes to SDG 1 on eliminating poverty by promoting access to social and economic infrastructure that supports poverty alleviation such as education and jobs, SDG 3 on good health and well-being through improved healthcare infrastructure, SDG 4 on education for all through education infrastructure, SDG 5 on promoting equal access to social and economic infrastructure for women, SDG 9 on industry, innovation and infrastructure through supporting construction of economic infrastructure.

Improved strategic sector performance

To support economic growth and development in its Member States, TDB provides financing for strategic sectors to ensure sufficient, reliable inputs to improve industrial efficiency and productivity; and access to strategic commodity imports. In this regard, TDB supports food imports to increase food security in its Member States, energy security through the importation of fuel as well as investments in energy projects, including in the renewables space, and foreign currency generating sectors such as tourism, agriculture and mining. By focusing on this development outcome, TDB contributes to SDG 2 on reducing hunger, SDG 7 on access to clean and reliable energy, SDG 8 on decent work and economic growth, SDG 9 on industry, innovation and infrastructure and SDG 13 on mitigation of climate change impact.

Increased intra- and extra-regional trade

TDB facilitates trade in a number of ways with far-reaching benefits. The Bank's facilitation of exports and imports enhances regional trade and integration, promoting economic growth in Member States. TDB supports high value exports, which significantly contributes to economic growth and foreign reserves for Member States. Likewise, TDB finances the importation of strategic commodities which are vital to the development agenda of the region, including via innovative processes such as blockchain technology. TDB's financing of businesses assists them to expand their production capacity. This in turn facilitates growth in intra- and extra-regional exports. TDB's support for the development of transport infrastructure and logistics helps to reduce the cost of moving goods across borders and increases the competitiveness of intra-regional trade. TDB supports national export development agencies by providing revolving loan facilities to allow countries to exploit their export development potential and generate foreign currency. Through this outcome, TDB supports SDG 8 on providing decent work and economic growth, SDG 9 on industry, innovation and infrastructure and SDG 17 on strengthening partnerships for the achievement of the SDGs.

2.1.2 PROTECTING PEOPLE AND PLANET: MINIMISING ECONOMIC AND SOCIAL RISK

At TDB, protecting people and the planet is of utmost importance. TDB understands that every transaction can carry environmental and social risks, and the Bank does its best to fully understand those risks and works with clients to mitigate them. As part of TDB's management of environmental and social risks, the Bank categorises transactions according to the environmental and social risks that they pose. The Bank works diligently to ensure that the transactions supported pose minimal harm, and that they produce sustainable outcomes. The categorisation of TDB's environmental and social risks is as follows:

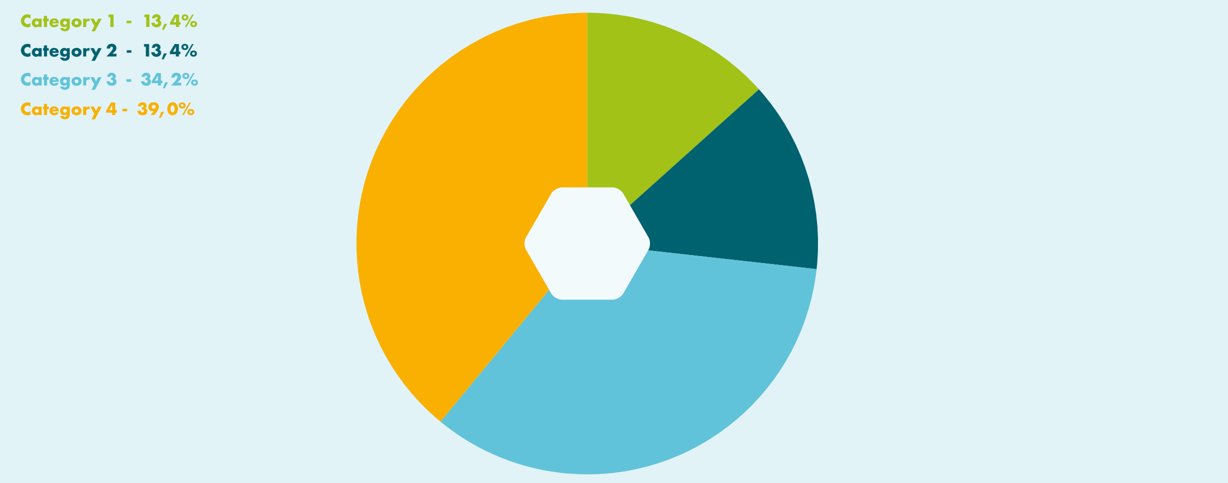
The SDIMS tracks the Bank's specific sustainable development impact as per its six development outcomes as well as global development initiatives namely the SDGs, Agenda 2063 and the Paris Agreement. The SDIMS forms the basis for the preparation of the Sustainability and Development Impact Report. Using this system, TDB is able to consistently and credibly track the sustainability and development impact of its financing activities in the Member States.

Table 1: ESMS Risk Categories

Category 1	High environmental and social risks
Category 2	Moderate environmental and social risks
Category 3	Low environmental and social risks
Category 4	Investments through financial intermediaries that pose no adverse social and/or environ-mental risks

As of 31st December 2020, the E&S risk categorization of the Bank portfolio by exposure demonstrates that 73.2% of TDB's portfolio comprised low environmental and social risk projects (Category 3 (34.2%) and Category 4 (39.0%)).

Figure 6: Distribution of Exposure by Environmental and Social Risk Category % (as of December 31st 2020)



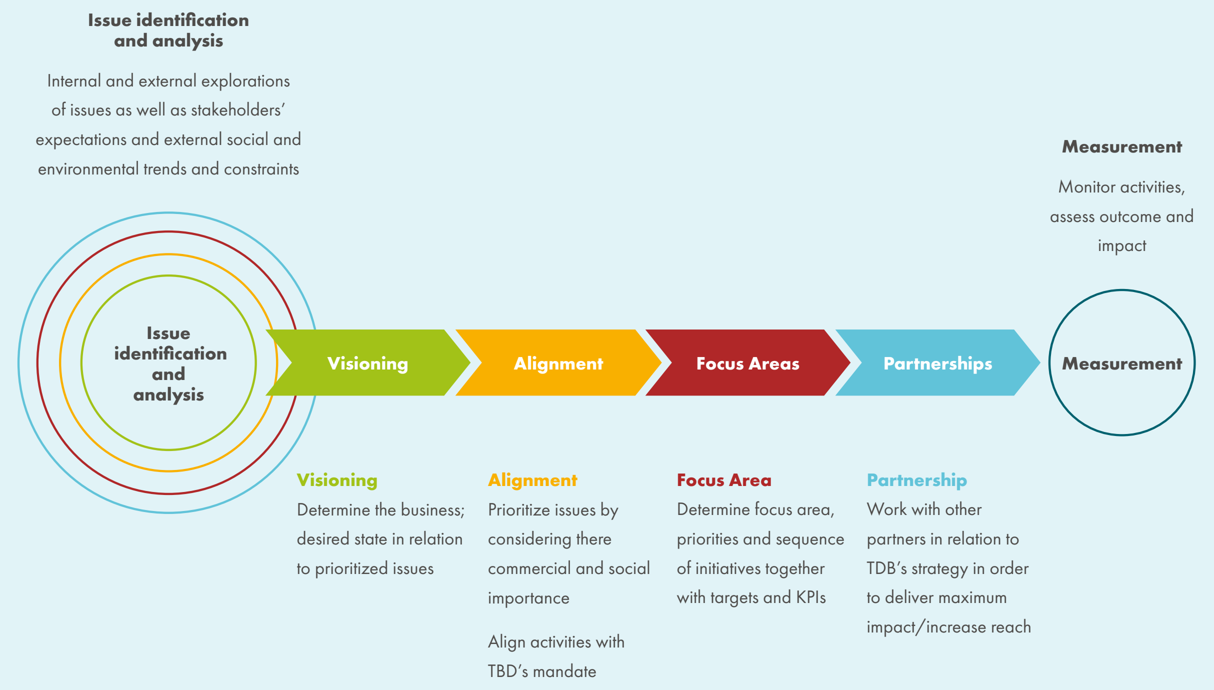
Source: Developed for this Report

The large share of TDB's transactions in low-risk categories is a testament to the Bank's emphasis on environmental and social sustainability when appraising projects and transactions. TDB's rigorous ESMS framework enables the Bank to select bankable transactions that have low environmental and social risks.

2.1.3 LEADING THROUGH CSR ACTIVITIES

TDB has long been active in the CSR sphere, as part of the Bank's efforts "to give back to the communities in Member States". The Bank's CSR activities are guided by the CSR Strategy Development Framework which outlines the end-to-end process of how TDB carries out CSR activities (see Figure 7).

Figure 7: TDB's CSR Strategy Development Framework



Source: Developed for this Report

TDB's CSR activities are focused on three main areas: financial inclusion and empowerment, agriculture and food security as well as environmental improvement (see Table 2). In 2020 the Bank's CSR activities centered around providing urgently needed medical supplies from regional factories or suppliers to assist communities in Member States deal with the immediate socio-economic impacts of the COVID-19 pandemic via TDB's COVID-19 Emergency Response Programme (CERP). In previous years, TDB has supported CSR activities which were aimed at addressing numerous socio-economic challenges ranging from providing disaster funds in Malawi, Mozambique and Zimbabwe in the aftermath of Cyclones Idai and Kenneth, to supporting social projects that promote connectivity and entrepreneurship in in Uganda. Looking ahead, just as TDB supports its business clients to realise their entrepreneurial goals, the Bank will continue to support social entrepreneurs who bring innovative solutions to meet the needs of the disproportionately affected in Member States and thus contribute to SDG 1 on zero poverty.

Table 2: CSR Policy Focus Areas

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

2.2 EXTERNAL DRIVERS

TDB's sustainable development impact is driven by the Bank's commitment to supporting the regional and global development agenda namely the sustainable development goals (SDGs), Agenda 2063 and the Paris Agreement. TDB recognises the impact that these set goals have on the development of Member States who themselves have committed to the goals. To this end, TDB strives to facilitate the implementation of these goals in Member States.

2.2.1 THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development adopted by all United Nations Members has at its heart the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership (United Nations Department of Social and Economic Affairs 2021). Sustainable Development Goals (SDGs) address urgent global social, environmental, political and economic challenges to be attained through international cooperation. SDGs outcomes can be broadly defined for "people", "planet", "prosperity", and "peace." TDB's operations, sustainability framework and development outcomes are mapped against the SDGs to determine where its work contributes to the global development agenda. This mapping enables TDB to credibly demonstrate in its sustainable development reporting the Bank's tangible and actual contribution.

2.2.2 THE AFRICAN UNION AGENDA 2063

Agenda 2063 is the continent's strategic framework developed by the African Union for inclusive and sustainable development. The Agenda was designed to support 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". TDB's work directly contributes to two of Agenda 2063's aspirations: "A prosperous Africa based on inclusive growth and sustainable development", by providing the means and resources to drive sustainable development; "An integrated continent, politically united and based on the ideals of Pan- Africanism and the vision of Africa's renaissance", by facilitating infrastructure to support Africa's accelerated integration and growth, technological transformation, global trade and development.

2.2.3 THE PARIS AGREEMENT

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

2.3 TDB'S INTERNAL SUSTAINABILITY INITIATIVES

Sustainability starts within

Achieving positive change starts from within and leadership should be by example. This is true not just for every individual, but for every institution as well. That is why TDB cares about driving sustainability, equality, and innovation within the Bank's internal systems and processes. TDB constantly works towards enhancing internal organisation, to act as an example and inspire those outside of it to do the same. As a responsible employer, TDB stands for equal opportunities, encourage life-long learning and promotes an innovative culture.

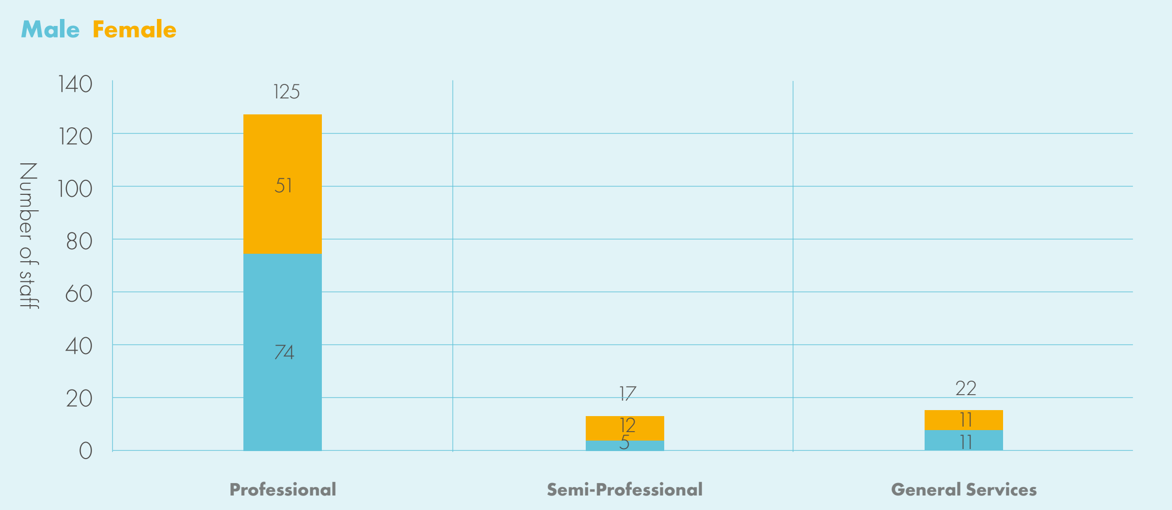
2.3.1. DIVERSITY

TDB is an equal opportunity employer with diverse staff representing the Bank's Member States. The Bank believes that the diversity of staff enriches its decision-making and internal culture, thus improving business processes and ultimately, services to clients. TDB's staff bring a wealth of knowledge working in various fields across the Bank's Member States. With this knowledge, they are able to better understand the needs and challenges of the Bank's clients. TDB promotes diversity in the Bank through equal opportunity policy through recruiting employees from different backgrounds, cultures and nationalities.

> ***"TDB's staff are from all over the region, and this made our experience working with TDB better because they understood the challenges our business faced in the region."***
>
> **Representative, Eswatini Sugar Association**

TDB has a gender mainstreaming policy. Internally, the policy commits to gender equality at all levels of the Bank. Over the years TDB has made significant strides towards gender equality and women empowerment, particularly among the Bank's professional staff. A particularly important shift in 2020 was the increase in the proportion of female staff among TDB's professional ranks, raising from 36.6% in 2019 to 40.8% in 2020.

Figure 8: TDB Staff by Gender (2020)



Source: Developed for this Report

Externally, TDB embeds gender mainstreaming in its end-to-end business value chain. In doing so, TDB encourages clients to be more gender-sensitive in their activities, thus contributing to SDG 5 on gender equality and women empowerment. TDB's external gender mainstreaming policy is guided by core steps in its business processes which are:

1. Marketing, origination and evaluation
2. Screening, structuring and analysis
3. Deal review and approval
4. Syndication and distribution
5. Booking and funding
6. Servicing and monitoring
7. Portfolio management
8. Remedial and workout

TDB staff reviews the impact of the Bank's transactions throughout the eight core steps outlined, which are covered in TDB's credit cycle. As such, TDB works with clients from the marketing, origination and evaluation stage of the transaction until the renewal and workout stage to ensure that their business activities are gender-sensitive.

2.3.2 LIFE-LONG LEARNING THROUGH TDB ACADEMY

Established in 2018, the TDB Academy is the learning and development arm of the TDB Group and is a Trade and Development Fund (TDF) programme. It was created "to develop further the Bank's human and institutional capacity and achieve high levels of operational excellence". TDB Academy undertakes activities of educational nature which include staff training, capacity building, research and strategic studies, and regional knowledge sharing events.

The Academy provides both technical and soft skill courses. The technical courses provided so far include trade finance principles, structured trade and commodity finance, blended finance, portfolio management and financial modelling, project finance fundamentals, environmental and social risk management as well as regular periodic updates to the International Financial Reporting Standards (IFRS). Soft skill courses provided so far include training on basic skills such as telephone and diplomatic etiquette but also training of trainers and leadership courses. In 2020, over 150 Bank staff attended, on average, more than one training programme through the Academy. Training and capacity building for the Bank's employees serves to strengthen internal staff capacity leading to improved business processes with the Bank. In 2020, among other activities, the Academy, in collaboration with the European Investment Bank (EIB), organised the East African Banking and Microfinance Forum, to stimulate thought-leadership and engagements around the region's growth strategy, trends and policy developments, post-pandemic recovery and the adoption of fintech and digitisation in the East African banking sector.

2.3.3 PROMOTING HEALTH AND WELL-BEING

TDB supports the health and well-being of employees to improve their quality of life. As employees have a higher quality of life, this in turn creates a more motivated, engaged and high-performing workforce. As part of promoting health among employees, TDB instituted a wellness programme encouraging staff to engage in fitness activities including tennis, golf, swimming, yoga, Zumba, aerobics and boxing. In promoting such activities, the Bank ultimately encourages work-life balance for staff. TDB has a health and safety policy to ensure that staff are protected from any potential risk while undertaking their duties. This policy covers arrangements of access to TDB's facilities, remote working arrangements, special employee assistance programmes, risks associated with travel as well as emergency preparedness and response. This policy guided TDB's response to protecting staff from COVID-19. During the various peaks of the pandemic, employees worked from home in line with social distancing imperatives to minimise the risk of exposing employees to the virus. The Bank suspended all travel for Bank employees protecting both employees and clients. TDB continues to monitor and adapt to the situation as it evolves, in compliance with the guidelines of the World Health Organisation as well of its Member States.

TDB 2020 Zumba Day

2.3.4 DRIVING INNOVATION

Innovation is key to promoting sustainability within the Bank's operations. As an organisation, TDB constantly looks for ways of improving its internal processes, craft and drive forward-looking policies and reforms, as well as promote sustainable activities within the Bank.

Under the short-term portfolio, TDB executes letters of credit (LC) confirmation and discounting transactions for its clients in its Member States, in most cases, assisting to secure the imports of strategic commodities which are vital to the Member States' economic development and growth. In 2019, TDB became the first African DFI to complete end-to-end trade finance transactions via blockchain, with USD 22 million in white cane sugar imported from India by Ethiopia, with Singapore-based supplier and blockchain partners. Since the onset of the pandemic, TDB has accelerated the use of this technology to conclude an additional USD 150 million in intra-African trade finance transactions in 2020, this time consisting of fertilisers imported from Morocco by Ethiopia. These became the first intra-African trade finance transactions to be executed via blockchain.

Typically, trade finance transactions:

- take up to 3 weeks to complete because of the logistics required to ship documents between different parties and up to 6 weeks during the pandemic as a result of reduced or irregular border and airport activities;
- are paper-heavy and entail documents being shipped to all stakeholders via various destinations, thus generating a carbon footprint; and
- are more prone to errors in the exchange and amendment of documents.

With blockchain, the trade finance transactions can be executed significantly faster, in less than 2 hours; have a lower carbon footprint, thanks to the elimination of paper documents and of the physical movement of documents to execute transactions; and reduce all parties' risks of errors thanks to greater transparency and traceability, and real-time monitoring by multiple parties.

The adoption of blockchain technologies in the Bank's trade finance operations has helped to mitigate severe disruptions in trade and supply chains and dramatically sped-up the process, thus lessening the effects of the crisis on already-fragile economies in the Member States. TDB will continue using blockchain technology to bring more efficiencies in the trade flow process with a positive trickledown effect for clients.

Additionally in 2020, TDB went live with a cutting-edge electronic document and records management system (EDRMS), via which its key business processes are being further automated and streamlined and enabling the Bank to continue going paperless and to march forward it its digitization journey.

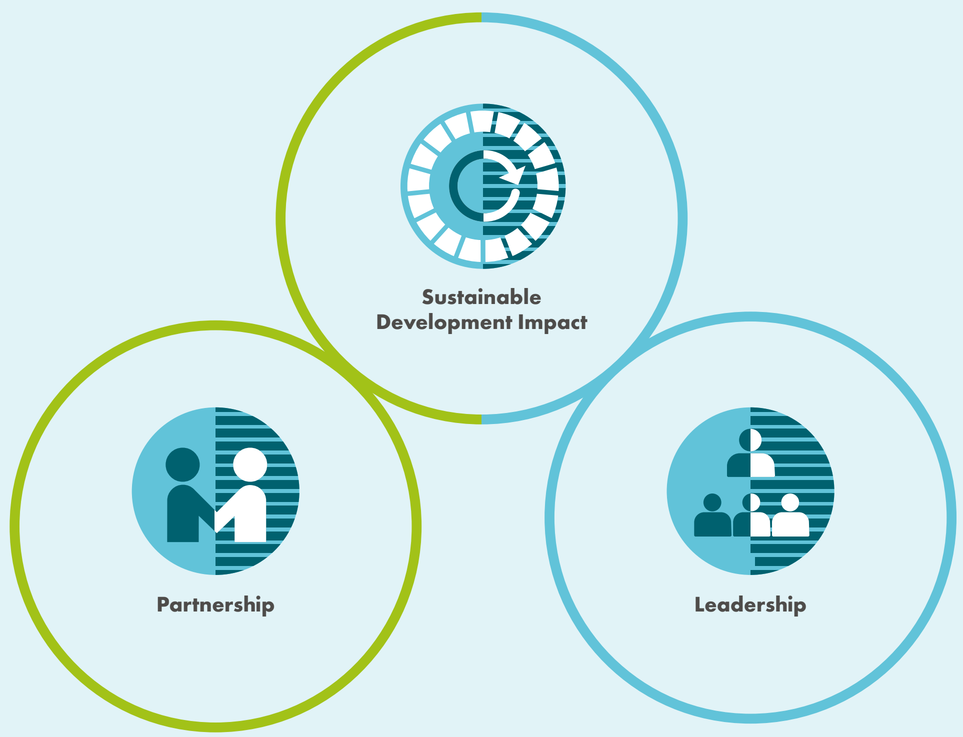
Improving the carbon-footprint, turnaround time, cost, transparency, traceability, risk profile, reach, and impact of the Bank's processes enables TDB to deliver more value to the Bank's entire ecosystem of stakeholders, and ultimately, to continue driving sustainable development more efficiently into the region.

CHAPTER 3
TDB'S KEY IMPACT THEMES IN 2020

3.1 PARTNERSHIPS AND LEADERSHIP TO BUILD FORWARD BETTER

In 2020, TDB's main theme was assisting Member States and clients to 'build forward better' through partnerships and leadership. The pandemic revealed the significance of building resilient and sustainable economies which allow for better access to social and economic infrastructure such as health care and education while providing sustainable financial support to businesses, particularly SMEs. During the COVID-19 pandemic TDB's Member States were heavily impacted as the rates of infection were rising against under-equipped medical facilities and key social services such as education were significantly disrupted. Economically, exports shrunk as foreign markets' demand declined and businesses, especially SMEs, struggled with the decrease in demand. Due to these socio-economic impacts, TDB made an intentional effort to support projects and transactions that could enable Member States build forward better economies which can withstand future events with detrimental economic impacts. For example, TDB supported projects that would contribute towards diversifying Member States' economics and exports from primarily agriculture, mining and tourism and supported the growth of critical sectors such as the energy and telecommunications sectors which have a multiplier effect and increase the productivity of Member States' economies.

Figure 9: Contribution of TDB's Partnership and Leadership to Sustainable Development



Source: Developed for this Report

3.2 PARTNERSHIPS

3.2.1 HOW TDB COLLABORATES WITH ITS PARTNERS TO ACHIEVE DEVELOPMENT IMPACT

Partnerships are vital to enhancing the Bank's ability to create sustainable impact. Working together with partner organisations in 2020, TDB was able to set the stage for deeper, wider and more impactful reach within Member States. These partnerships were: inward, outward and 'withward'.

Inward partnerships with international funding organisations are largely focused on resource mobilisation, bringing capital and technical assistance to Africa. In developing partnerships, TDB was able to mobilise much needed capital to finance its overall activities and more specifically, climate finance so as to focus on low-carbon and climate-resilient transactions.

Outward partnerships were those forged with intermediaries who could channel capital and resources to a broader set of beneficiaries, such as SMEs, than TDB's own reach would allow. Partnering with local financial institutions, TDB helped to improve access to financing for sub-borrowers specifically exporters and SMEs. The impact of TDB's partnerships made the Bank a leader in helping Member States access much needed financing to finance development outcomes and to navigate the socio-economic impact of the COVID-19 pandemic.

Withward partners are those with whom TDB joined forces to create a synergistic response. This included the many transactions where TDB co-financed with other DFIs and commercial banks, on a pari passu basis; as well as those where the Bank has risk-sharing arrangements.

3.2.2 BUILDING INWARD: PARTNERSHIPS FOR RESOURCE MOBILISATION

In 2020, TDB developed numerous new partnerships with various international financial institutions and expanded the existing ones, which resulted in significant resource mobilisation. The partners include development finance institutions (DFIs), export credit agencies, risk insurance institutions and various commercial banks.

Partnerships with international development finance institutions

Notable funding transactions closed in 2020 included Agence française de développement (AFD), CDC Group plc, Cassa Depositi e Prestiti (CDP), Oesterreichische Entwicklungsbank AG (OeEB), and the World Bank Group. Likewise, new risk-sharing facilities were signed in 2020 with some of TDB's strategic institutional shareholders, including the African Development Bank (AfDB), OPEC Fund, and the Arab Bank for Economic Development in Africa (BADEA). These facilities will result in TDB supporting innovative financing solutions in Member States.

With the World Bank Group, a first ground-breaking USD 415 million project financing facility was extended to TDB by the World Bank's International Development Association (IDA), comprising a credit line of USD 400 million and a USD 15 million concessional technical assistance credit. This is the first time that the World Bank has extended such a facility to a regional development bank. The funding will be utilised to finance long-term private sector infrastructure projects, particularly in the area of renewable energy, including for SMEs operating in the off-grid energy market.

Additionally, a first of its kind, 10-year guarantee of EUR 334 million was issued by Multilateral Investment Guarantee Agency (MIGA) to TDB for a loan provided by a group of commercial banks geared at trade finance in some of the Bank's Member States. This innovative product extension gives MIGA the ability to leverage TDB's credit rating - higher than that of its individual Member States - to mobilise long-term funding to countries that would normally be ineligible for such cover. Through this facility, TDB is able to increase its ability to provide supply chain finance for international transactions to low-income and fragile conflict-affected situation countries. This financing is critical for these countries as they tend to be beleaguered by a number of challenges including foreign exchange constraints, cumbersome non-tariff barriers, and weaker credit quality of buyers and suppliers.

The diversified partner intervention led to an extended partnership with the AFD resulting in a line of credit to finance green infrastructure in Member States. This facility will be used to support green infrastructure projects such as clean energy projects and construction of environmentally friendly infrastructure in Member States. Further, the financing will contribute to the Bank's development outcomes, namely improved access to social and economic infrastructure, increased employment, improved strategic sector performance and increased intra- and extra-regional trade. In addition to supporting these development outcomes, the financing will be instrumental in helping Member States meet the SDG targets, specifically SDG 7 on affordable and clean energy, SDG 8 on decent work and economic growth and SDG 9 on industry, innovation and infrastructure, and SDG 13 on combating climate change and its impact.

Another partnership which will contribute to promoting innovation and sustainable production in Member States is TDB's partnership with Italy's CDP. With CDP, TDB signed a MoU with the purpose of advancing stable and sustainable economic growth as well as to further economic and trade cooperation between Italy and Member States. This MoU was built on the SME-focused EUR 50 million CDP impact finance facility extended to TDB earlier in 2020. With this agreement, TDB and CDP will contribute to the achievement of the SDGs, promoting access to credit for businesses that will invest in innovation and sustainable production in the sectors of interest.

Table 3: Sample of TDB's Partnerships with Development Finance Institutions in 2020

Official Stakeholders	Type of Partnership Agreement
Agence française de développement (AFD)	15-year USD 150 million line of credit to finance green infrastructure in Africa
CDC Group plc	USD 75 million risk sharing facility 2-year USD 100 million term loan facility
Cassa Depositi e Prestiti (CDP)	10-year EUR 50 million term loan facility 3-year EUR 75 million term loan facility
Oesterreichische Entwicklungsbank AG (OeEB)	10-year USD 25 million term loan facility
World Bank International Development Association (IDA)	19-year USD 400 million Scale-Up Facility (SUF) line of credit 38-year USD 15 million concessional technical assistance credit
Multilateral Investment Guarantee Agency (MIGA)	10-year EUR 334 million MIGA backed syndicated loan
African Development Bank	USD 200 million risk sharing facility
Arab Bank for Economic Development in Africa (BADEA)	USD 150 million risk sharing facility
OPEC Fund	USD 50 million risk sharing facility

Partnerships with Export Credit Agencies and ECA-Backed facilities

In 2020, TDB partnered with two export credit agencies (ECAs) and institutions,), namely the Export Import Bank of Korea (KEXIM), Turk Eximbank, and Dutch entrepreneurial development bank FMO, in collaboration with Atradius DSB. From KEXIM, TDB received a USD 100 million line of credit aimed at enhancing private sector business activity between TDB Member States and the Republic of Korea. The facility will be used to support trade and infrastructure, innovation, skills transfer and job creation in high-tech industries and other economic sectors including manufacturing, health care, hospitality, transport, renewable energy and agribusiness. Additionally, the ECA facility will be used to support the importation of Korean capital goods and services by companies located in Member States and provide working capital to Korean and TDB Member State companies wishing to do business together in the region. Similarly, the EUR 40 million loan programme from FMO will serve to finance the acquisition of Dutch sourced capital goods.

TDB signed a Memorandum of Understanding (MoU) with Turk Eximbank and Etihad Credit insurance to support transactions involving the export of goods and services from Turkey and United Arab Emirates respectively into TDB Member States. Partnering with these ECAs will contribute to TDB's development outcome on improved strategic sector performance by supporting the importation of strategic goods that help Member States meet their development goals. These partnerships will contribute to the implementation of SDG 8 on supporting economic growth and SDG 9 on supporting industry, innovation and infrastructure in Member States.

Table 4: Sample of TDB's Partnerships with Export Credit Agencies and Institutions

Official Stakeholders	Type of Partnership Agreement
Export Import Bank of Korea (KEXIM)	USD 100 million line of credit - Facility Agreement
FMO-Dutch DFI	USD 44 Million Line of Credit supported by ATRADIUS (Dutch ECA) - Facility Agreement
Turk Eximbank	MoU
Etihad Credit Insurance (ECI)	MoU

Partnerships with other International Players

In 2020, TDB successfully refinanced two syndicated loans: USD 450 million Global Syndicated loan and USD 225 million in Asia focused syndicated loan arranged by commercial banks including notably Citibank N.A, Commerzbank, Industrial and Commercial Bank of China Ltd, Emirates NBD, First Abu Dhabi Bank , Mizuho Bank Ltd, Mashreqbank, MUFG Bank ltd, Sumitomo Mitsui Banking Corporation, Standard Chartered Bank, Abu Dhabi Commercial Bank, JP Morgan among others, with which TDB has been enjoying strong cooperation over the years. Partnerships continue to be a vital part of the Bank's core strategy. As such TDB develops and maintains key relationships with partners and influential networks which are leveraged to debt, equity, technical assistance, and other important solutions. In 2020, key international partnerships were cemented via memoranda of understanding (MoUs) with international partners including the Currency Exchange Fund (TCX), Italy's CDP, the United States Trade and Development Agency (USTDA), the UAE's Etihad Credit Insurance (ECI), Turkey's Turk Eximbank and Qatar's Power Bank of Qatar. The partnership with TCX brings unparallel opportunity for TDB in the areas of currency risk mitigation and financing for transactions in local currency, while via other partners, financing, co-financing, credit insurance, equity, technical assistance and other opportunities will be explored in eligible sectors.

Regionally, TDB signed MoUs with the SADC Centre for Renewable Energy and Energy Efficiency (SAREEE) and the Zambian Development Agency (ZDA) which are expected to bolster collaboration for co-financing and technical assistance opportunities for TDB in the Southern African Region. An additional MOU signed with the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) is envisaged to allow for collaboration in capacity building through training programmes in trade finance, sovereign lending and debt management for select Member States.

3.2.3 BUILDING OUTWARD: PARTNERING WITH AFRICAN FINANCIAL INSTITUTIONS FOR SME LENDING

TDB's SME Programme is an initiative under the Trade and Development Fund (TDF). It was launched in 2018 with the aim of increasing access to finance for SMEs. Its strategy consists of partnering with intermediary financial institutions such as commercial and development banks by providing lines of credit and guarantees to such institutions, which in turn leveraged to mobilise more funding for on-lending to SMEs. Some of TDB's partnerships with financial institutions include Untu Capital in Zimbabwe and Grassroots Business Fund (GBF) in Kenya.


Photo credits: Untu Capital

An office at Untu Capital


Photo credits: Untu Capital

One of the enterprises supported by Untu Capital

For Untu Capital, TDB issued a 3-year guarantee of ZWL 1 million – scalable to up to ZWL 6 million – in favor of NMB Bank, blended with a technical assistance grant of ZWL 250,000, to enhance Untu's lending capacity to SMEs in Zimbabwe. The guarantee was the first of its kind to be extended under TDB's SME Programme. This financing is crucial in improving access to finance for SMEs in Zimbabwe which employ 75% of the country's workforce. In addition, TDB extended an initial 4-year senior/mezzanine debt facility of USD 1 million, managed by Grassroots Business Fund (GBF), to finance agribusiness SMEs in Kenya, Tanzania and Uganda. The facility focuses on women or youth-led missing middle SMEs operating in the agricultural sector with solid managerial foundations and high potential for social impact. The transaction was enhanced with a partial risk guarantee from the African Guarantee Fund (AGF) of 50% with up to 75% in the case of women-led SMEs. The facility is blended with two technical assistance contributions from TDB and AGF totalling USD 110,000 for the execution of mutually agreed upon co-funded investee capacity building activities. With the blend of mezzanine and senior debt, the technical assistance is specifically focused on improving SMEs' financial management systems.


Photo credits: Mercantile Credit Bank Ltd.

One of the clients supported by Mercantile Credit


Photo credits: Mercantile Credit Bank Ltd.

A solar enterprise supported by Mercantile Credit

TDB partnered with other financial institutions including the Development Bank of Rwanda and Mercantile Credit Bank Limited in Uganda. TDB's lending to the banking sector experienced significant growth in 2020, as the volume it lent to financial institutions reached USD 797.0 million. This financing was mainly intended to provide financial institutions with the comfort and liquidity to on-lend to SMEs. The SME sector struggled to access finance over the course of the COVID-19 pandemic as banks tightened their lending due to heightened liquidity and credit risk concerns. This financing was crucial to help keep the wheels of the economy turning, as SMEs are an increasingly crucial engine of economic growth in Eastern and Southern Africa.

Additionally, a recent example of TDB's partnerships with financial institutions includes the Bank's provision of a USD 20 million credit line to Rawbank in the Democratic Republic of Congo (DRC), intended to allow Rawbank to increase lending to Congolese SMEs. In DRC, SMEs face great difficulty in accessing financing, with banks overwhelmingly taking a risk averse approach to lending, especially during the COVID-19 pandemic. With this line of financing, Rawbank will have the ability to support this crucial segment of the Congolese economy, and support livelihoods in the process.

Table 5: Sample of TDB's Partnerships to Finance SMEs

	Official Stakeholders	Type of Partnership Agreement
GRASSROOTS BUSINESS FUND	Grassroots Business Fund	4-year senior/ mezzanine debt facility of USD 1 million to finance agribusiness SMEs in Kenya, Tanzania and Uganda
FMO	Development Bank of Rwanda (BRD	USD 5 million line of credit
MCB	Mercantile Credit Bank	UGS 8 billion and USD 2 million line of credit
UNTU	Untu Capital	3-year guarantee of ZWL 1 million

3.3 LEADERSHIP

3.3.1 HOW TDB LEADS THROUGH ITS DEVELOPMENT ASPIRATIONS FOR THE REGION

TDB recognises that leadership is at the core of everything the Bank does. The Bank strives to lead other institutions towards investing in Africa, while working to inspire others to pursue more sustainable outcomes. TDB's leadership is experienced in terms of the Bank showing 'additionality', as well as the 'demonstration effect', of its activities. 'Additionality' to the Bank means that by virtue of TDB's involvement, the Bank is facilitating execution of transactions or investments that otherwise would not have been possible without its support. TDB's 'demonstration effect' refers to how the Bank's actions and operations to inspire other institutions to do the same, i.e. into new areas, frontier markets, etc., by reassuring other capital providers that the risks are acceptable. TDB's additionality is most highlighted in its loan syndication activities where the Bank partners with other financial institutions to provide financing for large transactions. In the Bank's syndications TDB engages in risk-sharing of the financing and crowd in funding from other sources particularly from the private sector. For example, in the acquisition of Cable Wireless Seychelles by CWS Investment Ltd – a group of Seychellois entrepreneurs – from Liberty Latin America (see Case Study 1) due to financial regulations, commercial banks in Seychelles were required to provide the more than USD 100 million financing required. TDB stepped in to provide a significant portion of the required financing, thus facilitating execution of transaction. This transaction is one of many examples where TDB's additionality was critical in arranged syndicated facilities. As part of its gross portfolio, TDB has taken part in a cumulative 28 syndicated loans and contributed USD 2.7 billion in syndication deals over the last eleven years. TDB's contributions to these syndications have unlocked significant financing from both public and private financial institutions and non-traditional investors.

TDB's 'demonstration effect' is especially highlighted through the Bank's activities supporting business in markets traditionally seen as risky. For example, TDB chose to extend lines of credit to commercial banks in Uganda and Zimbabwe (see Case Study 2 and 3) to support their on-lending activities at a time when both countries were experiencing challenging economic conditions. Given the Bank's credibility in the financial market, other financial institutions have since then extended financing or expressed interest in partnering with these two commercial banks. TDB sees massive potential in its 'demonstration effect' particularly in frontier markets.

3.3.2 TDB'S LEADERSHIP DURING THE COVID-19 PANDEMIC

The COVID-19 pandemic had detrimental socio-economic effects in TDB's 22 Member States affecting the health of Member States' citizens, threatening economic growth, and impacting the social lives of people. Likewise, the pandemic put significant strain on the already fragile health care systems of Member States. Medical facilities have been overwhelmed with patients and unable to meet overall needs given the lack of access to PPE, medical equipment, and other supplies. At the same time patients with other diseases were in danger of not receiving adequate medical attention as most resources were diverted towards fighting the pandemic.

Economically, restrictions put in place to control the spread of the virus have had a negative impact on production, trade and employment. Instituted movement restrictions included the closure of a significant number of businesses which resulted in reduced demand. This decrease in demand in turn forced firms to reduce production, leading to revenue losses and in some instances the closure of firms. The aggregate impact of these economic factors is likely to have long-term effects on economic growth and development in Member States.

Photo credits: TDB

Surgical masks donated by TD/ photo credits: TDB

In addition to its commitment to employees and clients, when the pandemic struck, TDB repositioned itself to mitigate some of the most urgent health and economic shocks affecting its communities.

Through the Bank's COVID-19 Emergency Response Programme (CERP), in 2020, TDB allocated some USD 1.5 million to support Member States access vital equipment needed to fight the pandemic. This funding was disbursed to more than half of TDB's Member States and was primarily used for purchasing

Photo credits: TDB

Surgical masks donated to Kenya by TDB

medical equipment such as testing kits and patient monitors; Personal Protective Equipment (PPE) such as masks, goggles, and bio-hazard suits; and installation of water, sanitation, and hygiene (WASH) facilities to make water available in underserved communities.

To the extent possible, TDB worked with strategic partners to procure these essential supplies from suppliers and factories from its Member States thereby supporting local private sector development and spurring employment, especially of youth and women. In addition to working with its Member States, TDB worked with the Africa Centre for Disease Control and Prevention (Africa CDC) (refer to Box 1). It is worth mentioning that TDB was recognised by Global Finance's Outstanding Crisis Leadership in 2020, in the Finance & Business category, as one of the "banks and corporations that went above and beyond in responding to the global pandemic crisis—those that went above and beyond to assist their customers, protect their employees and provide critical support to society at large".

Photo credits: TDB

TDB Covid Support to Malawi

Part of the donations to Rwanda/ photo credits: TDB

Box 1: TDB contributes towards supporting the Africa CDC through the Africa Union COVID-19 Emergency Response Fund

TDB's development impact is aligned with the African Union Agenda 2063, particularly aspiration 1 on "a prosperous Africa based on inclusive growth and sustainable development." The COVID-19 pandemic had a devastating socio-economic impact worldwide. African countries were especially affected given the strain that most health systems were already under in these countries. To date over 4 million cases and over one hundred thousand deaths have been recorded on the continent. The pandemic was a significant setback on the development gains made by African countries over the past decade.

TDB as a leading DFI in the region saw the need to provide much needed financing to support COVID-19 relief efforts by Member States. To this end, TDB partnered with the Africa CDC a public health agency of the African Union which supports the public health initiatives of African Union member states and strengthens the capacity of their health institutions to deal with disease threats. The CDC was at the forefront of assisting African countries, including TDB's Member States fight the health impacts of the COVID-19 pandemic.

TDB donated USD 500,000 to support the COVID-19 response across Africa by the Africa CDC as part of the Africa Joint Continental Strategy for COVID-19 Outbreak. The strategy was created to prevent severe illness and death from COVID-19 infections in African Union Member States and minimise social disruption and economic consequences of COVID-19 outbreaks. The continental strategy for COVID-19 response, endorsed by African health ministers, facilitates cooperation, collaboration, coordination, and communication in COVID-19 response across the continent.

CHAPTER 4

TDB'S IMPACT AND RESULTS IN NUMBERS

4.1 THE MACROECONOMIC ENVIRONMENT

2020 presented a challenging economic environment for TDB's Member States, along with the rest of the world. The COVID-19 pandemic heightened risk aversion among importers, exporters, investors and financial institutions resulting in a projected 3.3% contraction of GDP by the IMF in 2020.[2] This growth rate was 6.0% lower than the 2.8% positive growth rate that the world economy experienced in 2019. Trade was hampered as orders were put on hold, investment temporarily suspended, credit tightened, and the promising growth trajectory of TDB's Member States slowed down. According to estimates by the International Monetary Fund (IMF), Sub-Saharan African economies contracted by 1.9% in 2020, against the positive 3.6% growth rate projected for the year 2020 back in late 2019.[3] The crisis had an adverse effect on Member States just as it affected many others in the region.

4.2 TDB'S PORTFOLIO

2020 marked a seminal year for the Bank, as TDB implemented the SDIMS and started to track relevant metrics corresponding to the Bank's six development outcome areas. By operationalizing the SDIMS, TDB will have a compass indicating how the Bank can improve as it tracks the sustainability and development impact of its financing in Member States.

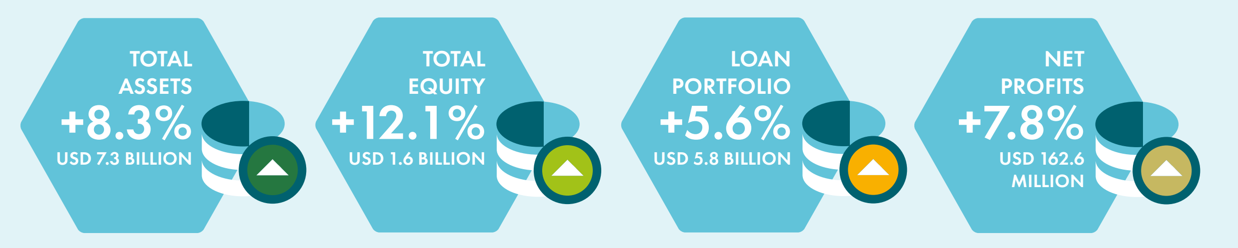
4.2.1 PORTFOLIO DISTRIBUTION AND GROWTH

Despite the challenging conditions imposed by the COVID-19 pandemic, TDB's portfolio has continued to grow. TDB's loan portfolio at the end of 2020 grew by 5.6% compared to year-end 2019. This is a testament of TDB's resilience through the pandemic as the Bank worked to ensure that sovereigns, financial institutions, and corporates continued to receive the financing they needed to keep Member States' economies moving forward. Additionally, despite the challenges of 2020, TDB's total assets increased by 8.3% and total equity increased by 12.1% to USD 1.6 billion year on year. The Bank's profitability remained strong, as net profits increased by 7.8% compared to year-end 2019 despite the difficult economic conditions. This demonstrates TDB's commitment to strong credit assessment practices, disciplined lending approach and vigilant portfolio monitoring, which allowed it to work with clients and borrowers whose revenues had been interrupted during the pandemic.

TDB's growth in 2020 has been a continuation of its growth over the last five years. Over this period, the Bank's portfolio has consistently expanded, while maintaining a high degree of quality and diversification by sector and country. The overall gross portfolio grew by 73.4% from USD 3.4 billion in 2015 to USD 5.8 billion at the end of 2020. From 2015 to 2020, the overall lending portfolio grew by a compounded annual growth rate of 11.6% per year. Over this period, the project and infrastructure portfolio grew from USD 769.4 million to USD 2,311.5 million, at a compound annual growth rate of 24.6% per year; its share in the overall loan book grew from about 23.0% in 2015 to 39.8% in 2020. Trade finance grew from USD 2.6 billion in 2015 to USD 3.5 billion in 2020, at a compound annual growth rate of 6.3% per year. In 2020 alone, the trade finance lending portfolio grew by 4.9%, and project and infrastructure finance loans by 6.7% over the previous year.

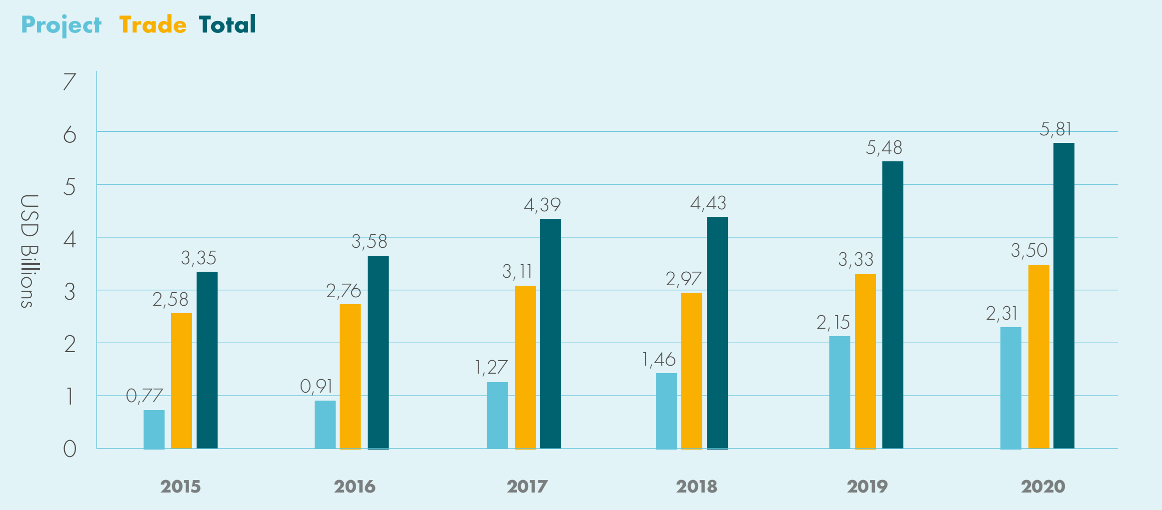
2 International Monetary Fund. World Economic Outlook, April 2021: Managing Divergent Recoveries. (Washington D.C., International Monetary Fund, Publication Services, 2021), 8.
3 International Monetary Fund. World Economic Outlook, October 2020: A Long and Difficult Ascent. (Washington D.C., International Monetary Fund, Publication Services, 2020), 138-148.

Figure 10: Key Portfolio Metrics



Source: Developed for this Report

Figure 11: Trend on Portfolio, Trade Finance and Project and Infrastructure Finance Lending



Source: Developed for this Report

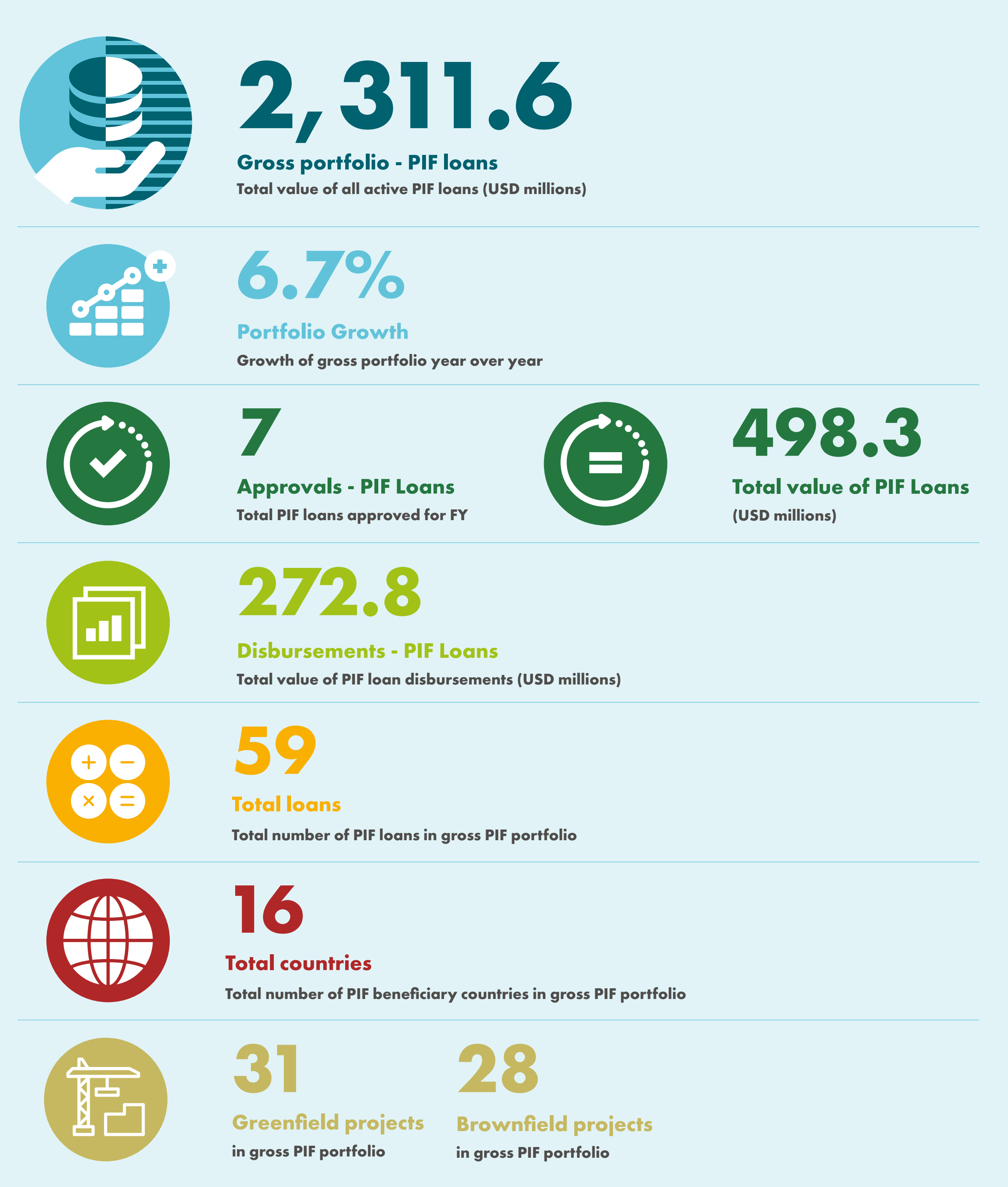
TDB serves various types of entities, including: i) large enterprises and corporations, ii) governments and public enterprises iii) banks and financial institutions, and iv) SMEs. As of December 31, 2020, Sovereign and public enterprises comprised the most significant part of TDB's portfolio, accounting for 61.0% of its exposure. Large enterprises and corporations comprise 23.9%, banks and financial institutions account for 11.5% and small and medium enterprises make up 3.6% of TDB's portfolio.

4.2.2 PROJECT AND INFRASTRUCTURE FINANCE

2020 demonstrated the importance of financing projects and infrastructure under a medium to long term lending window, not only because of their importance to the social and economic development of Member States, but for their significance to building resilience of Member State economies for future crises as well. The average tenors under this financing window now range up to more than 15 years. This long-term window facilitates the Bank in its role in de-risking greenfield projects and brings value addition that is not often provided by conventional banks. More specifically, TDB's financing under this window contributes to enhancing energy security while catering to climate change mitigation and adaptation imperatives. It also improves health, education and poverty outcomes by way of increasing access to viable social and economic infrastructure.

In 2020, TDB's project and infrastructure portfolio grew by 6.7% over 2019 despite the difficult economic environment due to the COVID-19 pandemic. By year-end 2020, gross loan exposure in the PIF window stood at USD 2.3 billion. During fiscal year 2020, seven project finance and infrastructure loans were approved for a combined value of USD 498.3 million. For fiscal year 2020 alone, disbursements totalled USD 272.8 million. For the year, TDB's focus was primarily on infrastructure, and energy. In 2020, TDB paid specific attention to new and underserved markets, for example in Madagascar, as well as to markets in which TDB is more established.

Figure 12: Project and Infrastructure Finance Portfolio Information



Source: Developed for this Report

Box 2: Bolstering the Health Sector in Madagascar

One of TDB's Project and Infrastructure Finance loans in 2020 went towards bolstering the health sector in Madagascar. This loan was utilised in improving a leading polyclinic in Madagascar, thereby giving residents greater access to modern medical services. This project will assist this country to better serve the medical needs of the local population and manage future health crises with greater ease.

This project contributes towards achieving SDG3: Good Health and Well-Being, thanks to a 10-year loan of USD 7.3 million to that was applied to finance the procurement of state-of-the-art MRI machines for the clinic. The project is expected to create over 100 new jobs, bring about technology transfer, and lead to foreign exchange savings that would normally be spent on medical tourism abroad.

4.2.3 TRADE FINANCE

TDB's trade finance (short-term lending window of up to 36 months) was critical for Member States in 2020, as trade slowed down significantly due to the COVID-19 pandemic. TDB's trade finance is crucial for promoting trade, deepening the financial sector in Member States and for promoting regional integration. Additionally, this financing window positively impacts Member States' economies as it facilitates sourcing of strategic commodities, boosting high value exports and export diversification, supporting industrialization, and supporting technology transfer, among others. TDB facilitates both intra- and extra-regional exports and imports, which increases integration, makes Member States' economies more productive, and generates foreign currency. During 2020, TDB focused on diversifying its trade portfolio by region, sector, and product, and maintained financing in its active markets, while playing a greater role in new ones, including Egypt and Madagascar. During fiscal year 2020, a total value of USD 1 billion in trade finance transactions was approved by the Bank. The gross trade finance portfolio grew by 4.9% during the year, reaching USD 3.5 billion by year-end.

Figure 13: Trade Finance (as of December 31st, 2020)

3, 498.2
Gross portfolio - Trade Finance loans
Total value of all active Trade Finance loans (USD millions)

4.9%
Portfolio growth
Growth of portfolio year over year

3, 166.2
Trade volume
Total value of trade actively covered by TDB financing as of December 31st 2020 (USD millions)

1, 045.6
Approvals - TF loans
Total value of TF loans approved for FY (USD millions)

1, 244.4
Disbursements - TF
Total value of TF disbursements (USD millions)

38
Total loans
Total number of TF loans in gross TF portfolio

16
Total countries
Total number of TF beneficiary countries in gross TF portfolio

Source: Developed for this Report

Box 3: Country Profile: Madagascar – TDB's newest regional Member State

Located off the coast of Southern Africa, Madagascar, a COMESA and SADC Member State, is the most recent Member State to have joined TDB in 2018 making it the 22nd Member State of the Bank.

ECONOMIC SNAPSHOT

Madagascar is the world's fifth largest island with a population of 27.6 million people.[6] The country's economy is primarily based on agriculture which contributes to 23.3% of the country's GDP and 64.1% of total employment; however, tourism and manufacturing are other significant contributors to the country's GDP. Prior to the COVID-19 pandemic, in 2019, Madagascar was growing at about 4.4% its fastest pace in over a decade.[7] The Government of Madagascar in its 2015 National Development Plan (Plan National de Développement) identified key strategic sectors to support and boost economic growth. These sectors include agriculture, tourism and energy. The government also prioritises climate change mitigation and adaptation projects given the island's vulnerability to climate change.

TDB'S CONTRIBUTION TO MADAGASCAR'S EXPORT SECTOR

Madagascar relies on trade, both imports and exports, to support economic activities ultimately contributing to human development. TDB extended its first trade finance facility in Madagascar in 2019 to Les Epices de Madagascar, a woman-owned Fair-Trade enterprise in the country's largest export sector – vanilla production. Les Epices de Madagascar is one of the largest vanilla exporters in the country working with both small-scale farmers and associations ultimately employing more than 1,000 people, mostly women, during the peak season.

TDB extended a trade finance facility to Les Epices de Madagascar to support the business' working capital and to facilitate all trade transactions between Les Epices de Madagascar and its buyers in North America, Europe and Australia. This financing was used to pay vanilla bean producers who sell their product to Les Epices de Madagascar.

This financing provided working capital to the company to address its pre-export financing used to purchase vanilla beans from farmers, cover processing, storage and transportation costs. This means that Les Epices de Madagascar does not have to wait to get paid by its buyers to pay its suppliers. Ultimately, TDB's financing helps Les Epices de Madagascar to scale-up its exports, better compete in the global arena, and ultimately contribute to the sustainable development of the country. TDB sees Madagascar as a market with significant potential for sustainable investments which will support human development as well (see Case Study 1for full details).

6 International Monetary Fund. World Economic Outlook, April 2021: Managing Divergent Recoveries. (Washington D.C., International Monetary Fund, Publication Services, 2021), 8.
7 International Monetary Fund. World Economic Outlook, April 2021: Managing Divergent Recoveries. (Washington D.C., International Monetary Fund, Publication Services, 2021), 134.

CASE STUDY:
SUPPORTING EXPORTS OF MADAGASCAR'S WORLD-RENOWNED VANILLA BEANS

01

LES EPICES DE MADAGASCAR

Photo credits: AdobeStock

FACILITY AMOUNT

USD 10.6 MILLION

TRADE FINANCE TO SUPPORT LES EPICES DE MADAGASCAR PURCHASE VANILLA BEANS FROM LOCAL FARMERS

PERIOD

FACILITY APPROVED DATE
OCTOBER 2019

TENOR
1 YEAR

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 1
INCREASED ACCESS TO FINANCE

DEVELOPMENT OUTCOME 2
ENHANCED BUSINESS PERFORMANCE

DEVELOPMENT OUTCOME 6
INCREASED INTRA- AND EXTRA-REGIONAL TRADE

Photo credits: Les Epices de Madagascar

SDGs SUPPORTED

2, 4, 5, 8, 10, 13, 17

Les Epices de Madagascar is a spice exporting company in Madagascar primarily exporting vanilla beans. Founded in 1976, the company was started by Ms. Robertine working with farmers to export Madagascar's world-renowned vanilla beans. Les Epices de Madagascar is now a key exporter of one of vanilla beans exporting nearly 75 metric tonnes of vanilla beans every year. By supporting a woman-owned enterprise TDB directly contributed to SDG 5 target 5.5 on ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making in economic life.

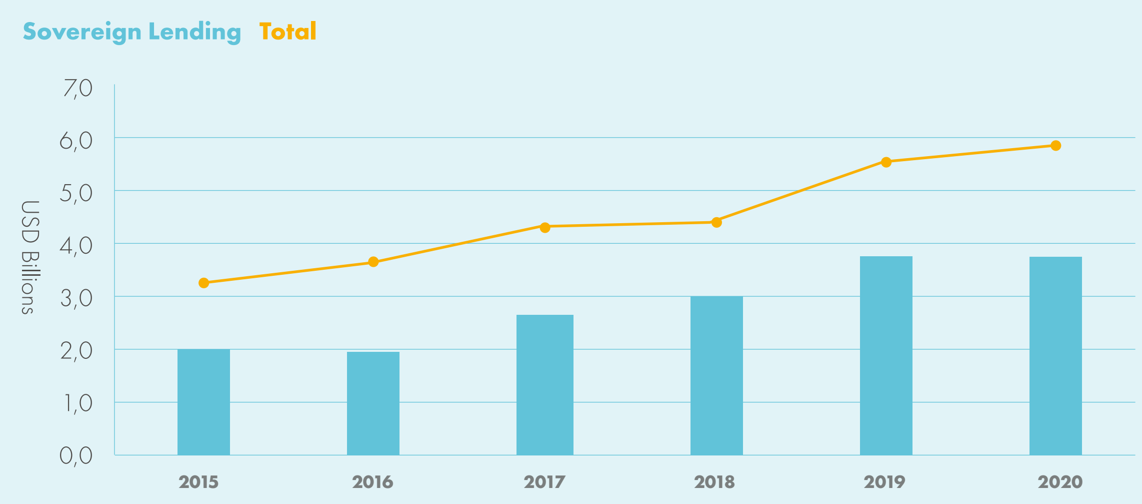
TDB extended a USD 10.6 million trade finance facility to support Les Epices de Madagascar's purchase of vanilla beans from farmers. TDB's financing provided Les Epices de Madagascar with much-needed working capital to finance the purchase of vanilla beans from individual farmers and associations. In extending this line of credit TDB directly contributed to SDG 17 target 17.3 on mobilising additional financial resources for Madagascar to support Les Epices de Madagascar's economic activities. With the financing from TDB, Les Epices de Madagascar does not have to delay paying farmers until after receiving payments from clients. As a result, the vanilla bean farmers can rely on consistent income flows. This impact directly contributes to SDG 2 target 2.3 on doubling the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers in Madagascar as well as SDG 8 target 8.5 on achieving full and productive employment and decent work for all women and men, including equal pay for work of equal value.

Vanilla bean production and exports is a strategic export commodity for Madagascar. Madagascar provides 80% of global demand for vanilla beans making it a key foreign currency generating export for Madagascar. Les Epices de Madagascar exports vanilla beans to the US, Europe, and Australia markets. With these exports Les Epices de Madagascar directly contributes to SDG 17 target 17.11 on significantly increasing the exports, with a view to doubling the least developed countries' share of global exports. At the same time, the foreign currency generated from Les Epices Madagascar's vanilla bean exports directly contribute to SDG 17 target 17.1 on strengthening domestic resource mobilization to improve domestic capacity for tax and other revenue collection. Les Epices de Madagascar also has extensive CSR activities to support vanilla bean farmers. In 2019 the company provided financing for the renovation of a public school in a region with vanilla bean farmers. With this renovation, Les Epices de Madagascar supported access to education facilities for children of vanilla bean farmers directly contributing to SDG 4 target 4a on building and upgrading education facilities that are child sensitive. The company also provides agricultural training for women farmers on harvesting quality vanilla beans ensuring they get a premium price for their harvests. This training directly contributes to SDG 10 target 10.3 on empowering and promoting the economic inclusion of women in economic activities in Madagascar. Les Epices de Madagascar also works with certified fair-trade farmers ensuring that the vanilla beans exported sustainably farmed. In supporting sustainably farmed vanilla beans Les Epices de Madagascar contributes to SDG 13 target 13.1 on strengthening resilience and adaptive capacity to climate-related hazards and natural disasters of vanilla bean farming practices in Madagascar.

4.2.4 SOVEREIGN LENDING

TDB's sovereign lending segment provides development-oriented financing to Member States (sovereigns and public enterprises) to assist them in order to stimulate their economies, meet their strategic needs, and work towards their development goals. The Bank supports the importation of strategic commodities such as petroleum products, fertilisers, and food used to support economic activities, as well as sustainable infrastructure development (e.g. water resource management, sanitation, roads, rail, ports, and clean energy). Although the sovereign lending portfolio has generally experienced consistent growth, in 2020 the portfolio contracted slightly by 3.6% year on year. Nonetheless, the sovereign lending segment has grown substantially over the last 5 years. By year-end 2020, sovereign lending represented 61.0% of the Bank's portfolio, at USD 3.5 billion, up from USD 1.9 billion (83.3%) in 2015. This represents a compound annual growth rate of 12.9 % over the last 5 years.

Figure 14: Trend on Portfolio and Sovereign Lending



Source: Developed for this Report

4.2.5 SYNDICATIONS

In syndicated facilities, TDB invests either as the mandated lead arranger or as a participant along with other reputable financial institutions. The Bank may collaborate with other financial institutions as a parallel lender to close a particular financing gap.

TDB has led or participated, cumulatively, in 20 syndicated loans as part of its gross portfolio, totaling USD 849.5 million. TDB's syndicated loan portfolio has contracted by 3.1% during this challenging year. Nonetheless, TDB's participation in syndicated loans helped to unlock crucial financing over the course of 2020.

In the syndications, TDB has contributed USD 2.7 billion in syndication deals since 2009. In transactions where TDB acted as Mandated Lead Arranger, the Bank's participation was USD 2.0 billion, crowding in a total of USD 2.6 billion from other financiers. This represents a crowd in ratio of USD 1.3 for every dollar TDB invested. As of 31st December 2020, syndicated loan gross exposure stood at USD 1.4 billion. TDB's participation in syndicated loans helped to unlock crucial financing over the course of 2020. An example of one of TDB's syndicated financings is highlighted in Case Study 2 below.

Figure 15: Syndications (as of December 31st, 2020)

Source: Developed for this Report

CASE STUDY:
TDB AS A LEAD ARRANGER FOR A MULTI-MILLION-DOLLAR ACQUISITION IN SEYCHELLES

02 CABLE & WIRELESS SEYCHELLES INVESTMENT LIMITED

Photo credits: AdobeStock

FACILITY AMOUNT

USD 70 MILLION

SYNDICATED FACILITY FOR THE ACQUISITION OF CWS IN COMPLIANCE WITH SEYCHELLOIS LAW

PERIOD

FACILITY APPROVED DATE
NOVEMBER 2019

TENOR
7 YEARS

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 1
INCREASED ACCESS TO FINANCE

DEVELOPMENT OUTCOME 2
ENHANCED BUSINESS PERFORMANCE

DEVELOPMENT OUTCOME 5
IMPROVED STRATEGIC SECTOR PERFORMANCE

Photo credits: AdobeStock

SDGs SUPPORTED

8 DECENT WORK AND ECONOMIC GROWTH
17 PARTNERSHIPS FOR THE GOALS

Cable & Wireless Seychelles (CWS) is one of the largest and oldest private companies in the Seychelles and the country's leading player in the ICT sector. The company has been at the forefront of technology and innovation in Seychelles for the past 126 years and has built an advantageous position for its business over its competitors, particularly with regards to LTE and FTTH coverage. The company has invested in optic across Seychelles. In 2019 CWS was acquired by CWS Investment Ltd – a group of Seychellois entrepreneurs – from Liberty Latin America for a total of USD 107.5 million.

TDB arranged for a USD 70 million debt financing for this transaction bringing on private banks namely Absa Group Limited and ABC Banking Corporation of Mauritius, with the assistance of Seychelles-based Nouvobanq. As lead arranger, TDB provided USD 50 million of the syndicated loan. This syndicated facility was tailored to align with Seychelles' local financial laws. Local Seychellois laws prevent the acquisition of a company using the same company's cash flow and assets. In arranging this facility TDB ensured that other sponsors in the transaction could acquire CWS while complying with Seychellois law. As a result, CWS' acquisition was the largest private sector deal in Seychelles over the past decade. TDB was motivated to lead this syndicated facility given the strategic importance of the ICT sector in Seychelles. The ICT sector is strategic sector for Seychelles given its multiplier effect through the provision of information and communication technology used to enhance business performance in all economic sectors in Seychelles leading to economic growth in the country directly contributing to SDG 8 target 8.2 on achieving higher levels of economic productivity through technological upgrading and innovation.

> *"TDB's participation was critical in the syndication of this facility as no Seychellois commercial bank would have single-handedly been able to support the acquisition of CWS."*
>
> Transaction Adviser, CWSI

The acquisition of CWS by Seychellois entrepreneurs will ensure that the income generated from CWS is channelled back into the Seychellois economy and is not diverted abroad. Additionally, TDB through arranging the debt financing with private financial institutions contributed to SDG 17, target 17.3, on mobilising additional financial resources for developing countries from multiple sources. This transaction demonstrates TDB's additionality effect which catalyses private finance towards projects and transactions that may not have been committed otherwise.

4.3 TDB'S DEVELOPMENT IMPACT

4.3.1 INTRODUCTION

In 2020, TDB took major steps towards documenting its contribution to sustainable outcomes for its Member States. 2020 marks the first year that the SDIMS component of the Bank's sustainability framework was operationalised, allowing the Bank to capture and quantify its effect on achieving its six development outcomes. These outcomes represent a crucial component of TDB's theory of change. Its six development outcomes, which are outlined below, include:

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

Every transaction supported by TDB or investment made is aimed at achieving the six targeted development outcomes, as well as the Bank's contribution to achieving the goals of Agenda 2063, the SDGs, and the Paris Agreement.

4.3.2 OUTCOME 1: INCREASED ACCESS TO FINANCE

TDB improves access to finance to both private sector and public sector actors through its various means of financing. These actors include large enterprises and corporates including SMEs, financial institutions as well as governments and public enterprises. TDB provides financing to these various borrowers through direct financing to borrowers, by facilitating financing through intermediary financial institutions and syndicated loans.

Financing Corporates including SMEs

For the private sector, TDB provides direct financing by supplementing other commercial loans or by providing loans with longer tenors than commercial banks are willing or able to provide. As such, the Bank's loans enable these businesses to enhance and expand operations by providing them with an amount of financing that they would otherwise not have access to, on better terms. By doing so, these enterprises are able to boost their performance, generate employment, grow revenues, and export or import strategic goods essential for economic development. Additionally, by either leading or participating in syndications, TDB catalyses financing for these larger enterprises to ensure that they have access to the volume of financing they need to develop projects or engage in trade transactions of significant size.

TDB offers direct financing to SMEs. During fiscal year 2020, loan disbursements to the SME segment totalled USD 6.8 million, to four different borrowers. Direct lending to SMEs tends not to represent a large volume of TDB's direct lending, but nonetheless there are instances where TDB offers direct financing to such enterprises through intermediaries. The SME segment remains important to the Bank's financing mandate. As part of the World Bank IDA Facility, a USD 75 million SME Off-Grid Facility is soon to be launched with the objective to facilitate access to debt financing to SMEs, primarily targeting renewable energy SMEs in the off-grid energy sector, as well as SMEs in the broader infrastructure value chain operating in the region served by TDB, with a focus on those which have been heavily impacted by COVID-19.

Financing Private and Public Financial Institutions

TDB expands access to finance to banks and financial institutions by providing them with direct financing. Additionally, TDB often leads in syndications alongside these financial institutions, thereby allowing them to participate in transactions more easily. Through the direct financing TDB offers, the Bank improves the ability of financial institutions to access the financing they need for specific transactions, to support their balance sheets, and allow them to on-lend to specific segments, including to women and SMEs. In doing so TDB directly contributes to SDG 8 target 8.10 on strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all in Member States. Examples of TDB improving financing for commercial banks can be seen in Case Studies 3 and 4 below in which the Bank extended lines of credit to the Central African Building Society and the Development Bank of Rwanda, respectively.

TDB's efforts to increase access to finance for financial institutions were largely evidenced by its increased lending to the banking sector in 2020. In 2020, TDB's loans to the banking sector totalled USD 796.8 million, a two-fold increase from USD 385.8 million in 2019. The bulk of this wholesale financing was aimed at providing financial institutions with the liquidity needed to finance the import of strategic commodities over the course of the pandemic.

Photo credits: Shutterstock

CASE STUDY:
IMPROVING ACCESS TO FINANCING FOR A COMMERCIAL BANK IN ZIMBABWE

03

CENTRAL AFRICA BUILDING SOCIETY

FACILITY AMOUNT

USD 25 MILLION

LINE OF CREDIT TO SUPPORT CABS' ON LENDING ACTIVITIES TO BUSINESSES IN ZIMBABWE

PERIOD

FACILITY APPROVED DATE
MARCH 2011

FACILITY RENEWED DATE
JULY 2014

TENOR
3 YEARS

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 1
INCREASED ACCESS TO FINANCE

DEVELOPMENT OUTCOME 2
ENHANCED BUSINESS PERFORMANCE

DEVELOPMENT OUTCOME 3
INCREASED EMPLOYMENT

DEVELOPMENT OUTCOME 5
IMPROVED STRATEGIC SECTOR PERFORMANCE

DEVELOPMENT OUTCOME 6
INCREASED INTRA- AND EXTRA-REGIONAL TRADE

Photo credits: CABS

SDGs SUPPORTED

03

CENTRAL AFRICA BUILDING SOCIETY (CONT'D)

Central Africa Building Society (CABS) is a registered building society and has been operating in Zimbabwe for more than 45 years and its parent company, Old Mutual, has been operating in the country for 110 years. CABS has a wide network of 45 branches spanning across all regions in Zimbabwe, providing both commercial and retail banking services in the country. Although CABS is registered as a building society, it competes favourably with commercial banks, in 2019 CABS accounted for 7% of the total market share in the country and was rated 4th in total assets held.

TDB extended a USD 25 million committed line of credit to support CABS' on-lending transactions to its clients. Through its lending to CABS, TDB also directly contributed to SDG 8 target 8.10 on strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all and SDG 17 target 17.3 on mobilising additional financial resources for Zimbabwe. In extending this line of credit TDB also directly contributed to increasing access to finance for CABS which ultimately enhanced the business performance of the bank. Prior to TDB's line of credit CABS had been struggling to source USD capital to finance its on lending operations. In addition to provide access to much needed financing, TDB's line of credit also improved CABS' financial performance, increasing the size of its loan book to USD 45 million and expanding its lending operations. With this line of credit CABS was able to significantly increase its lending capacity and even began lending to support export activities. Prior to receiving the line of credit, CABS did not support any exporting clients, however, with TDB's line of credit CABS now supports 22 exporters in the agriculture, mining and tourism sectors with destination markets in Africa, Asia, Europe and the US. The USD 25 million committed loan to CABS also contributed to deepening the financial sector in Zimbabwe which had been in decline over the years due to various economic crises over the years.

TDB's line of credit to CABS had a multiplier effect in the Zimbabwean economy through CABS' on-lending activities to businesses including SMEs in Zimbabwe. In lending to various businesses in Zimbabwe, CABS directly contributed to SDG 9 target 9.3 on increasing the access of small-scale industrial and other enterprises to financial services, including affordable credit, and their integration into value chains and markets. Through its on-lending activities CABS contributed to improved access to finance for business including SMEs. With improved access to finance these businesses were able to enhance their business performance through expanding operations ultimately generating employment directly contributing to SDG 8 target 8.2 on achieving full and productive employment and decent work for all women and men in Zimbabwe. Through providing access to finance CABS also contributed to SDG 9 target 9.3 on increasing the access of small-scale industrial and other enterprises, to financial services, including affordable credit in Zimbabwe. The aggregate impact of CABS' financing contributed to improving strategic sectors in Zimbabwe which include agriculture, mining and tourism. Through supporting its 22 exporting clients, CABS directly contributes to supporting intra- and extra-regional exports from Zimbabwe directly contributing to SDG 17 target 17.1 on strengthening domestic resource mobilization to improve domestic capacity for tax and other revenue collection and target 17.11 on significantly increase the exports, with a view to doubling the least developed countries' share of global exports.

> *"TDB is playing an important role in stepping in and providing financing that will unlock business growth, create jobs and contribute to future economic opportunities in Zimbabwe."*
>
> Deputy Managing Director, CABS

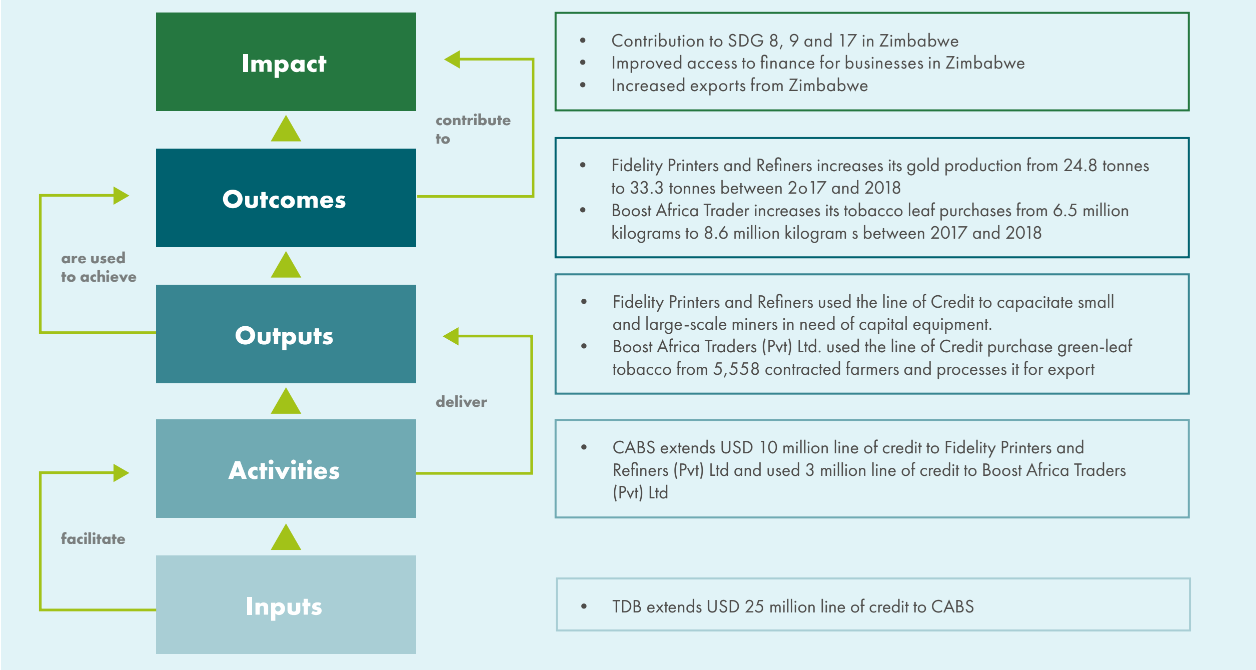
The impact of CABS' on-lending activities is particularly evident in its lending to Fidelity Printers and Refiners (Private) Limited a gold mining company in Zimbabwe and to Boost Africa Trader (Private) Limited a tobacco merchant company. Gold and tobacco are Zimbabwe's top performing exports generating significant amount of foreign currency revenues for the country.

Fidelity Printers and Refiners is Zimbabwe's sole purchaser of gold locally and works with 131 small-scale gold miners across the country. As the sole marketer of gold from Zimbabwe, Fidelity Printers and Refiners generates USD 1.2 billion every year in gold exports, making it a critical exporter for the country. CABS extended a USD 10 million facility to Fidelity Printers and Refiners used help the 131 small-scale gold miners to retool with up-to-date mining equipment. With improved machinery these miners contributed about 60% of Fidelity Printers and Refiners' increase in gold production from 24.8 tonnes in 2017 to 33.3 tonnes in 2018.

Using TDB's line of credit, CABS extended another USD 3 million in 2018 to Boost Africa Trader a tobacco merchant company another significant exporter in Zimbabwe working with small-scale tobacco farmers. Boost Africa Trader used the line of credit to finance its working capital needs in particular purchasing tobacco leaves from the farmers. With the financing from CABS, Boost Africa Trader did not delay paying its 5,550 farmers until after receiving payments from buyers. As a result, these small-scale farmers could rely on consistent income flows which can ensure that they can continue their farming activities. This line of credit enhanced Boost Africa Trader's business performance as the company increased its crop purchased from 6.5 million kilograms in 2017 to 8.6 million kilograms in 2018. The company increased the number of farmers it worked with from 3,293 in 2017 to 5,558 in 2018.

Fidelity Printers and Refiners and to Boost Africa Trader are just two of the 22 exporters supported by CABS through TDB's line of credit. These two examples provide a snapshot of the multiplier impact that TDB's financing has when used for on lending activities in the economy (see Figure 16).

Figure 16: Results chain demonstrating the impact of TDB's financing in Zimbabwe through CABS



Source: Developed for this Report

Photo credits: Shutterstock

CASE STUDY:
PARTNERING WITH A NATIONAL DEVELOPMENT BANK TO SUPPORT LONG TERM FINANCING IN RWANDA

04

DEVELOPMENT BANK OF RWANDA

FACILITY AMOUNT

USD 5 MILLION

LINE OF CREDIT TO SUPPORT BRD'S ON- LENDING ACTIVITIES TO STRATEGIC SECTORS IN RWANDA

PERIOD

FACILITY APPROVED DATE
JUNE 2018

TENOR
6 YEARS

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 1
INCREASED ACCESS TO FINANCE

DEVELOPMENT OUTCOME 2
ENHANCED BUSINESS PERFORMANCE

DEVELOPMENT OUTCOME 4
IMPROVED ACCESS TO SOCIAL AND ECONOMIC INFRASTRUCTURE

DEVELOPMENT OUTCOME 5
IMPROVED STRATEGIC SECTOR PERFORMANCE

SDGs SUPPORTED

The Development Bank of Rwanda (BRD) is the country's official development bank established in 1967 with a mandate to fill the financing gap in priority sectors. Given its strategic role in Rwanda's financial sector, BRD is a critical player in fostering sustainable development and providing long-term financing in the country. Commercial banks in Rwanda traditionally provide short-term funding because it is seen as less risky and because they lack capital to provide long-term financing for crucial sectors like infrastructure. As such, there is a financing gap in Rwanda for longer-term financing needed for infrastructure development. BRD fills this financing gap by providing long-term financing for projects or corporates within its sectors of interest. These strategic sectors for which BRD provides longer-term financing include agriculture, education, energy and housing, among others.

TDB extended a USD 5 million line of credit to support BRD's on-lending activities to strategic sectors in Rwanda. With this line of credit BRD was able to significantly enhance its business performance by increasing the bank's lending capacity to long-term projects, thereby allowing BRD to better support its strategic sectors of interest and fulfil its mandate. TDB's line of credit to BRD directly contributed to SDG 8 target 8.10 on strengthening the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all in Rwanda.

With the financing from TDB, BRD extended project and infrastructure financing to support the construction of a hydropower plant and renovation of two education facilities. BRD's financing of these three projects contributed to improving two strategic sectors in Rwanda – the energy and education sectors. The construction of the power plant contributed to improving energy security in Rwanda which currently has an estimated 1.7 million people without access to electricity.[6] The construction of this power plant has added 4 megawatts of electricity generation to the country's energy sector contributing to the Government of Rwanda's target of universal access to electricity by 2024. Additionally, the power plant contributes to SDG 7 target 7.1 on ensuring universal access to affordable, reliable and modern energy services in Rwanda, target 7.2 on increasing substantially the share of renewable energy in the global energy mix and target 7b on expanding infrastructure and upgrading technology for supplying modern and sustainable energy services for all in developing countries.

> *"TDB has been a good partner of choice in our journey because we tend to have aligned mandates. It is good to have a partner who understands the need to de-risk sectors of growth and is ready to provide adequate funding."*
>
> Head of Strategy,
> Development Bank of Rwanda

The construction of a renewable energy power plant directly contributed to SDG 9 target 9.1 on 9.1 developing quality, reliable, sustainable and resilient infrastructure, target 9a on facilitating sustainable and resilient infrastructure development through enhanced financial support to African countries. The renovation of the two secondary schools contributed to improving access to quality secondary education in Rwanda and contributed to SDG 4 target 4a on upgrading education

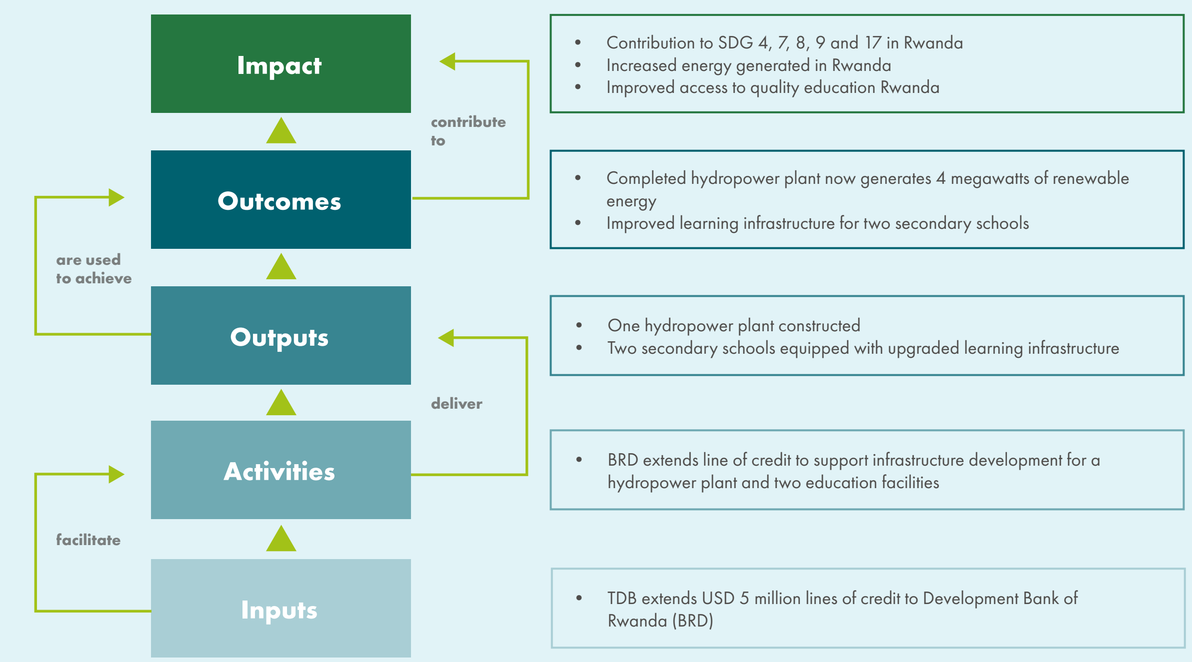
6 https://www.usaid.gov/powerafrica/rwanda

 Photo credits: BRD

04
DEVELOPMENT BANK OF RWANDA (CONT'D)

facilities that are child sensitive and provide inclusive and effective learning environments for all students in Rwanda. The wide-ranging development impact from the three projects supported demonstrates how TDB's line of credit contributed to multiple dimensions of sustainable development in Rwanda through BRD's on lending activities (see Figure 17).

Figure 17: Results chain demonstrating the impact of TDB's financing in Rwanda through BRD



Source: Developed for this Report

Financing Small and Medium Sized Enterprises

TDB improves access to financing for SMEs directly and indirectly. The Bank provides intermediary financial institutions with blended financing for the purpose of on-lending to SMEs, and loan guarantee products to these institutions to catalyse financing for SMEs in Member States. In addition, TDB finances SME's directly through the short and long-term product offering.

SMEs in Member States often find it difficult to access credit as financial institutions tend to perceive SMEs as too risky to lend to because of their lack of collateral needed to borrow. TDB's direct lending to financial institutions for on-lending to SMEs is offered at attractive rates. As such, the financing TDB offers to these institutions incentivises them to take on the risk of lending to SMEs. Thus, these institutions are able to increase their loan volumes to SMEs. By way of this increased access to finance, SMEs struggling to access credit otherwise can more easily access credit to expand operations and grow their businesses. TDB has partnered with various intermediary financial institutions, including commercial and development banks, some of them being SMEs themselves, to improve access to credit for SMEs. In these partnerships TDB offers lines of credit and guarantees to these institutions which the institutions use to grow funding for on-lending to SMEs. Some of the institutions to which TDB offers credit or guarantees for the purpose of increasing lending to SMEs have women-owned businesses comprise a significant proportion of their SMEs. Often, women-owned SMEs in TDB's Member States find it difficult to access finance, thereby limiting their participation in economic life. Through TDB's actions to improve access to finance for women-owned SMEs by way of providing funding or guarantees to financial institutions that on-lend to such SMEs TDB is contributing to SDG 5 target 5.5 on ensuring women's full and effective participation and equal opportunities in economic life. Case Study 5 displays TDB's effect on bolstering SME lending through its partnership with the Mercantile Credit Bank in Uganda.

Through use of TDB's guarantees, financial institutions can limit their potential loss associated with lending to SMEs in Member States. This allows first-time SME borrowers, among others, to access finance more readily allowing them to build up a good track record to access loans to grow their businesses over time. TDB's partnerships with financial institutions for SME lending were particularly crucial for increasing access to finance for the SMEs during the COVID-19 pandemic. The challenges the SME sector face in terms of accessing finance have been heightened over the course of the COVID-19 pandemic. As fears of delinquency rose, banks tightened their lending. The financing that TDB provided to Banks offered them with the liquidity needed to lend to SMEs.

Through improving access to finance, TDB also contributes to supporting Member States towards achieving the SDGs. In facilitating financing for SMEs, TDB directly contributes to SDG 9 target 9.3 on increasing the access of small-scale industrial and other enterprises countries to financial services, including affordable credit, and their integration into value chains and markets. This financing when used by SMEs has a multiplier effect in Member States' economies through increased and improved economic activity, increased employment and exports. These activities directly contribute to SDG 8 on supporting decent work and economic growth and SDG 9 on supporting the development of industry, innovation and infrastructure in Member States.


Photo credits: AdobeStock

CASE STUDY:
IMPROVING ACCESS TO FINANCE FOR SMEs IN UGANDA

05
MERCANTILE CREDIT BANK LIMITED

FACILITY AMOUNT

UGX 8 BILLION AND USD 2 MILLION

LINE OF CREDIT TO SUPPORT MERCANTILE CREDIT BANK'S ON LENDING ACTIVITIES TO SMEs IN UGANDA

PERIOD

FIRST FACILITY APPROVED DATE
NOVEMBER 2012

SECOND FACILITY APPROVED DATE
NOVEMBER 2015

TENOR
5 YEARS

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 1
INCREASED ACCESS TO FINANCE

DEVELOPMENT OUTCOME 2
ENHANCED BUSINESS PERFORMANCE

DEVELOPMENT OUTCOME 3
INCREASED EMPLOYMENT

DEVELOPMENT OUTCOME 5
IMPROVED STRATEGIC SECTOR PERFORMANCE

DEVELOPMENT OUTCOME 6
INCREASED INTRA- AND EXTRA-REGIONAL TRADE

SDGs SUPPORTED

Mercantile Credit Bank Limited is a Tier II Financial Institution in Kampala, Uganda focusing on lending to SMEs. Founded in 1986, the Bank began operations focusing on facilitating import and export transactions and gradually began to offer other products that included operating leases and financing to the general public with dedicated focus to growing SMEs in a sustainable manner. The Bank has positioned itself as the preferred solutions-oriented financial institution through designing and providing tailored lending solutions to its customers which has enabled SMEs grow their businesses sustainably. To realise this aspiration, the Bank offers complementary business advisory services focused on improving SMEs' performance in key areas such as governance, compliance, processes and systems, people skills management and retention, liquidity management and embracing of ICT, in addition to its core activities of extending financing to its customers.

TDB extended two financing facilities, the first one in 2012 totaling UGX 8 billion (approx. USD 2.2 million) which was received in two tranches of (UGX 5 billion and UGX 3 billion) and the second facility in 2015 totalling USD 2 million. In extending these two facilities, TDB contributed to SDG 17 target 17.1 on strengthening domestic resource mobilization, including through international support to developing countries and target 17.3 on mobilising additional financial resources for developing countries. TDB's lending to Mercantile Credit Bank contributed to SDG 8 target 8.10 to strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all in Uganda. Through TDB's financing facilities, the aforementioned targets were supported as Mercantile Credit Bank was capacitated to lend to SMEs in greater volumes than they otherwise would have. The two facilities had a dual positive effect of making available long-term funds for onward lending to various customers operating in different sectors that included agriculture & agri-business, health, manufacturing, construction, education, trade and commerce. This enabled the Bank to position itself to be able to support these growing customers and to have a wider outreach to other prospective customers for lending services. Prior to receiving the two lines of credit from TDB, Mercantile Credit Bank had been seeking long-term funding partners to support its lending activities but with limited success mainly due the challenging social and economic climate in Uganda at the time. Out of these two facilities, Mercantile Credit Bank was able to extend lending to between 80 to 120 borrowing customers. By expanding Mercantile Credit Bank's lending ability, the two facilities contributed to enhancing the business performance of the Bank by increasing its lending base.

> *"TDB believed in partnering with us during a very difficult time when other funders were sceptical of the economic conditions then."*
>
> CEO, Mercantile Credit Bank Ltd.

Beyond supporting Mercantile Credit Bank's business performance, TDB's financing had a multiplier effect in Uganda through the Bank's on-lending activities to SMEs. Mercantile Credit Bank's financing to SMEs resulted in increased access to financing for SMEs, directly contributing to SDG 9 target 9.3 on increasing the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and SDG 10 target 10.2

 Photo credits: Mercantile Credit Bank Ltd.

05
MERCANTILE CREDIT BANK LTD. (CONT'D)

on empowering and promoting the economic and political equality of all in Uganda through access to finance. Given that the Bank's customers are largely women and women Groups, by improving access to financing for them, the Bank also contributed to SDG 5 target 5.5 on ensuring women's full and effective participation and equal opportunities in economic life. This financing also enhanced performance of beneficiary SMEs as they utilised this financing to expand business operations resulting in increased employment directly contributing to SDG 8 target 8.5 on achieving full and productive employment and decent work for all women and men. Additionally, Mercantile Credit Bank's lending contributed to SDG 9 target 9.2 on promoting inclusive industrialisation and 9.3 on increasing the access of small-scale industrial enterprises, in developing countries, to financial services. The aggregate impact of this financing resulted in improved strategic sector performance as well as increased intra- and extra-regional trade directly contributing to SDG 17 target 17.11 on significantly increasing the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports.

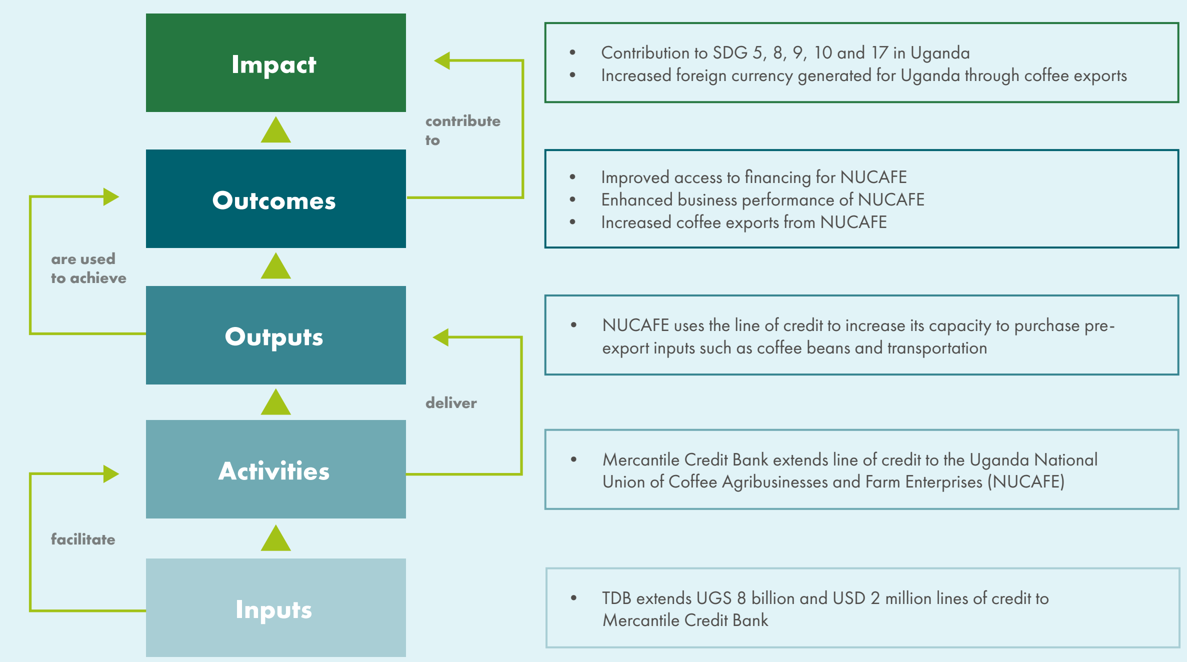
Photo credits: Mercantile Credit Bank Ltd.

One of the enterprises supported by MCB

The impact of Mercantile Credit Bank's lending to SMEs is evident in its lending to the Uganda National Union of Coffee Agribusinesses and Farm Enterprises (NUCAFE), an umbrella National coffee farmers' organization founded in 2003. NUCAFE is a private sector-led organization supporting the value chain in Uganda with over 213 cooperatives and associations as well as over 1.5 million individual coffee farmers in Uganda. Mercantile Credit Bank extended various lines of credit to NUCAFE that included equipment purchase for a coffee bean colour sorter, working capital financing and export-financing to enable export for their (NUCAFE) coffee. This financing greatly enhanced NUCAFE's business performance following an earlier observed declining trend in coffee exports due to limited working capital. With the lines of credit from Mercantile Credit Bank, NUCAFE was able to increase its capacity to purchase pre-export goods and services such as coffee beans and transportation services. This meant that NUCAFE did not have to depend on paying its suppliers (the coffee farmers) after being paid by clients (the off-takers). The aggregate impact of supporting NUCAFE was increased efficiency in a strategic sector – the coffee industry – and supporting intra- and extra-regional exports from Uganda. Coffee is currently the third largest export for the country, making it a key foreign currency generating sector. By supporting NUCAFE, Mercantile Credit Bank was supporting a strategic sector as well as exports for the country.

NUCAFE is just one of many clients that significantly benefited from Mercantile Credit Bank's on-lending activities. Other clients supported were SMEs in agriculture, construction, education, health and nutrition, manufacturing and transportation.

Figure 18: Results Chain demonstrating the impact of TDB's contribution to financing coffee exports in Uganda



Source: Developed for this Report

Financing Sovereigns and Public Enterprises

TDB also improves access to finance for sovereigns and public enterprises through the provision of direct financing. As part of its sovereign facilities, TDB provides short and long-term finance solutions. TDB often operates as the initial mandated lead arranger or a syndicate partner in large sovereign loans. Such loans have a longer tenor and allow countries to refinance their short-term commercial debt. Additionally, these loans create fiscal space within national budgets for investment in infrastructure and can assist sovereigns in achieving longer tenors for financing.

TDB's financing of sovereigns for large projects produces a sizeable development impact in terms of jobs created, tax revenues generated, and the number of users or consumers reached. The projects financed through these loans, often in the infrastructure, health services and transportation sectors, provide significant benefits to businesses and households as they provide increased connectivity and energy security. In financing these infrastructure project TDB directly contributes to SDG 9 target 9.1 on developing quality, reliable, sustainable and resilient infrastructure in Member States. In 2020 TDB had a cumulative 20 syndicated loans as part of its gross portfolio and its sovereign lending portfolio as of the close of 2020 was USD 3.5 billion.

4.3.3 OUTCOME 2: ENHANCED BUSINESS PERFORMANCE

TDB's second development outcome focuses on enhancing business performance. Due to lack of credit, many businesses in Member States are not able to expand their production capacities which can negatively impact their revenue and profits. TDB's financing towards its clients supports their activities to in expanding their operations ultimately stimulating productivity growth, employment creation, sales and exports directly contributing to SDG 8 target 8.5 on achieving full and productive employment and decent work for all women and men. In supporting business performance, TDB also supports increases tax revenues for Member States which directly contributes to SDG 17 target 17.1 on strengthening domestic resource mobilization, to improve domestic capacity for tax and other revenue collection.

TDB's financing is also instrumental in helping businesses expand, innovate, move up the value-added chain, and compete more effectively. Moreover, they are able to contribute to national and regional development as a whole directly contributing to SDG 8 target 8.2 on achieving higher levels of economic productivity through a focus on high value-added and labour-intensive sectors and SDG 9 target 9.2 on promoting inclusive and sustainable industrialization and significantly raise industry's share of employment and gross domestic product and double its share in least developed countries. Case Study 6 highlights how TDB's support of Gatepro Metal Engineering Plc in Ethiopia capacitated the company to expand its operations, revenue and exports into the East Africa region directly contributing to SDGs 8, 9 and 17. Similarly, Case Study 7 showcases how TDB's support of CIMERWA allowed the cement producer to expand its cement manufacturing plant, supporting SDGs 3, 4, 5, 8, 9, and 17 in the process. Through its provision of credit to underserved businesses and larger corporates in need of financing for expansion, TDB facilitates innovation, and allows businesses to move into more productive, higher value-added economic activities.

CASE STUDY:
SUPPORTING VALUE-ADDITION IN ETHIOPIA'S MANUFACTURING SECTOR

06

GATEPRO METAL ENGINEERING PLC

Photo credits: Gatepro Metal Engineering PLC

FACILITY AMOUNT

USD 5.0 MILLION AND USD 2.7 MILLION

PROJECT AND INFRASTRUCTURE FINANCE TO PURCHASE MACHINERY FOR THE EXPANSION OF BUSINESS OPERATIONS

PERIOD

FIRST FACILITY APPROVED DATE
SEPTEMBER 2015

SECOND FACILITY APPROVED DATE
APRIL 2018

TENOR
8 YEARS

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 2
ENHANCED BUSINESS PERFORMANCE

DEVELOPMENT OUTCOME 3
INCREASED EMPLOYMENT

DEVELOPMENT OUTCOME 5
IMPROVED STRATEGIC SECTOR PERFORMANCE

DEVELOPMENT OUTCOME 6
INCREASED INTRA- AND EXTRA-REGIONAL TRADE

Photo credits: Gatepro Metal Engineering PLC

SDGs SUPPORTED

06
GATEPRO METAL ENGINEERING PLC (CONT'D)

Gatepro Metal Engineering Plc is a metal manufacturing company established in 1984 primarily producing iron sheets and roofing materials. In 2013, the company decided to expand its business operations into a niche market of fabricating and galvanizing steel products typically used for high voltage electrical and telecommunications equipment. Before the company began producing fabricated and galvanised steel products, demand in the country was met through imports from China.

TDB extended two facilities of USD 5.0 million in September 2015 and USD 2.7 million in April 2018 for the purchase of machinery used to fabricate and galvanise steel products. In extending this facility TDB directly contributed to SDG 9 target 9.3 on increasing 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. The company similarly received financing from the Development Bank of Ethiopia for the construction of the factory to house the machinery. With the purchase of this machinery, Gatepro expanded its business operations from the production of iron sheets into higher value-added steel products, making it the first company to do so in Ethiopia and East Africa. This development impact directly contributed to SDG 8 target 8.2 on achieving higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value-added and labour-intensive sectors.

The expansion of the company's operations into new business lines led to increased employment. Before the expansion of its factory, Gatepro employed about 30 employees and this number increased to 95 (40 female and 55 male) once production of fabricated and galvanised steel products began. Given that the machinery was imported, there was knowledge and skills transfer brought into the Ethiopian labour market through the use of this machinery. By generating employment, Gatepro contributes to SDG 8 target 8.5 on achieving full and productive employment and decent work for all women and men.

At a national level, Gatepro contributes to the growth of Ethiopia's export sector. Through its export products, the company generates much-needed foreign currency revenue for the country directly contributing to SDG 17 target 17.1 on strengthening domestic resource mobilisation to improve domestic capacity for tax and other revenue collection. At the same time, by expanding its business operations into a niche market, Gatepro is contributing to the diversification of Ethiopia's industrial base. The products made by the company are used to support local industries such as electricity distribution, telecommunications and construction. To-date, the company has manufactured steel products for Ethio Telecom and Ethiopian Electric Power. In addition to manufacturing steel products, the company also provides steel fabricating and galvanizing services to other manufacturers in the country. In supporting the expansion of Ethiopia's industrial base, Gatepro is directly contributing to SDG 9 target 9.2 on promoting inclusive industrialisation and significantly raise industry's share of employment and gross domestic product and double its share in least developed countries.

> *"TDB was efficient in disbursing the loan compared to other financial institutions."*
>
> Vice President, Gatepro

At a regional level, the company contributes to intra- and extra-regional trade. Since commencing its operations in 2020, Gatepro has already exported 42 steel towers to Tanzania and plans to increase its exports in East Africa since it is the only company currently fabricating and galvanizing steel products in the region. These exports directly contribute to SDG 17 target 17.11 on significantly increase the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports.

Photo credits: Adobestock

CASE STUDY:
SUPPORTING BUSINESS OPERATIONS EXPANSION IN RWANDA

07
CIMERWA

FACILITY AMOUNT

USD 93.3 MILLION

SYNDICATED FACILITY TO FINANCE THE CONSTRUCTION OF A NEW CEMENT PRODUCTION PLANT

TDB PARTICIPATION USD 25.0 MILLON

PERIOD

FACILITY APPROVED DATE
MARCH 2014

TENOR
7 YEARS

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 2
ENHANCED BUSINESS PERFORMANCE

DEVELOPMENT OUTCOME 3
INCREASED EMPLOYMENT

DEVELOPMENT OUTCOME 5
IMPROVED STRATEGIC SECTOR PERFORMANCE

DEVELOPMENT OUTCOME 6
INCREASED INTRA- AND EXTRA-REGIONAL TRADE

SDGs SUPPORTED

Photo credits: CIMERWA

CIMERWA, formerly known as Ciments du Rwanda, is a cement manufacturing plant located in Southeast Rwanda. The plant was established in 1984 as government-owned entity. Now CIMERWA is partially owned by the government and PPC the largest cement producer in South Africa. To date, CIMERWA is the largest cement manufacturing plant in Rwanda producing 600,000 metric tonnes each year and meeting more than 50% of market demand.

> *"Having TDB as one of the financers gave the project credibility and this went a long way in attracting other financial institutions that were committed to the project."*
>
> Chief Finance Officer, CIMERWA

TDB was one of the lead arrangers for a USD 93.3 million syndicated facility used to finance the expansion of the plant and increase CIMERWA's production capacity. In addition to extending a USD 25 million facility to the syndicated facility, TDB's participation in arranging this facility crowded-in financing from a regional development bank and four commercial Banks in Rwanda (1) Kenya (2) and a pan-African commercial bank. In arranging this facility TDB directly contributed to SDG 17 target 17.1 on strengthening domestic resource mobilisation, including through international support to developing countries and target 17.3 on mobilising additional financial resources for developing countries from multiple sources.

CIMERWA used the USD 93.3 million facility to construct a new plant with a higher production capacity which contributed to enhancing CIMERWA's business performance. The newly constructed plant more than doubled CIMERWA's production capacity from 100,000 metric tonnes per year to 600,000 metric tonnes per year. With a higher production capacity CIMERWA increased its market share from between 10% – 20% to nearly 50% which directly increased CIMERWA's financial performance. Before the construction of the new plant CIMERWA had an annual turnover of USD 15 million and now the plant has a USD 60 million turnover thanks to the increased production capacity. CIMERWA provides cement a key component used in construction and by so doing directly contributes to 9a on facilitating resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries. The construction of the new plant contributed to increased employment. Before the operation of the new plant in 2015 CIMERWA employed 250 full time employees and now the plant employs 300 full time employees. The employment created directly contributed to SDG 8 target 8.5 on achieving full and productive employment and decent work for all women and men in Rwanda. In addition to creating jobs CIMERWA invests in improving the skills of its employees. The company has a training policy where employees are sent to other PPC offices in Ethiopia, DRC, South Africa and Zimbabwe for skills training.

The construction of the plant contributed to improving a strategic sector in Rwanda. The country has been undergoing significant infrastructure development which has led to higher demand for cement growing by between 8% - 10% each year. With demand outpacing supply the gap in demanded cement was met through cement imports from Tanzania, Kenya and Uganda. With CIMERWA's increased production capacity the plant is now able to provide 400,000 metric tonnes of the 800,000 metric tonnes demanded in the country dramatically reducing the amount of cement imported into the country. CIMERWA has

07
CIMERWA (CONT'D)

increased the amount of cement exported to DRC and Burundi to 200,000 metric tonnes. Through these exports CIMERWA is contributing to increasing intra-regional trade as well as generating foreign currency revenue for Rwanda. These exports directly contribute to SDG 17 target 17.11 on significantly increasing the exports of developing countries, in particular with a view to doubling the least developed countries' share of global exports.

CIMERWA also has numerous CSR activities to support sustainable development in surrounding communities. To promote health and well-being CIMERWA extracts, treats water from the nature stream and distributes to 7 villages at no cost to the inhabitants of the villages directly contributing to SDG 3 target 3.3 on ending water-borne and other communicable diseases in Rwanda. The plant also owns a clinic which provides basic medical treatment to its staff, family members and surrounding community. CIMERWA constructed a local school housing 700 children from the surrounding community contributing to increasing access to education directly contributing to SDG 4 target 4.1 on ensuring that all girls and boys complete free, equitable and quality primary and secondary education in Rwanda. CIMERWA supports economic empowerment of communities surrounding the plant through job creating CSR activities. The company provided 200 sewing machines and training to support a local sewing cooperative comprised mostly of women which also produces CIMERWA staff's protective clothing gear. In supporting this cooperative, CIMERWA directly contributes to SDG 5 target 5.5 on ensuring women's full and effective participation and equal opportunities in economic life. To further support economic activities in the neighbouring communities, CIMERWA constructed a public road through Mashyuza to Nyakabuye district which it maintains on a quarterly basis. The construction and maintenance of this road directly contributes to improving access to basic infrastructure and also to SDG 9 target 9.1 on developing quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being.

Part of CIMERWA cement factory

4.3.4 OUTCOME 3: INCREASED EMPLOYMENT

TDB's third development outcome focuses on increased employment. Through TDB's investments in infrastructure, in enterprises and in supporting exports, both temporary jobs in construction and permanent jobs in business operations are created. Through increased employment, poverty rates decline, the economies grow, and tax revenues increase. TDB's contribution to the creation of jobs in its Member States has been substantial, as the projects and companies it is supporting with active loans currently employ over one million workers. Currently, the companies and projects that TDB supports employ 512,064 male permanent and seasonal employees and 604,738 female permanent and seasonal employees. Not only is TDB's financing contributing to increased employment, but the companies and projects TDB finances have significant female representation among their staff. This development outcome directly contributes to SDG 1 target 1.1 on zero poverty through job created that support Member States' citizens to live on more than USD 1.5 per day, SDG 8 target 8.5 on achieving full and productive employment and decent work for all women and men and target 8.6 on substantially reducing the proportion of youth not in employment, education or training. By financing activities that create jobs for women, TDB contributes to SDG 5 target 5.5 on ensuring women's full and effective participation and equal opportunities in economic life. Increased employment results in an increased tax base for TDB's Member States, directly contributing to SDG 17, specifically target 17.1 on strengthening domestic resource mobilization to improve domestic capacity for tax and other revenue collection. For an example of how TDB supports job creation through its financing, see Case Study 8 on its financing to Kampala Cement Company Limited which supported the construction of a cement grinding plant.

Figure 19: Development Outcome 3: Cumulative Employment Created (as of December 31st, 2020)

1,116,802
Total number of people working for client company or project with active loans for FY.

512,064
Males

604,738
Females

Source: Developed for this Report

Photo credits: Kampala Cement Co Ltd.

CASE STUDY:
SUPPORTING JOB CREATION THROUGH FINANCING A GREENFIELD PROJECT IN UGANDA

08

KAMPALA CEMENT COMPANY LIMITED

FACILITY AMOUNT

USD 49.3 MILLION

PROJECT AND INFRASTRUCTURE FINANCE FOR THE CONSTRUCTION OF A CEMENT GRINDING PLANT

PERIOD

FACILITY APPROVED DATE
OCTOBER 2015

TENOR
7 YEARS

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 3
INCREASED EMPLOYMENT

DEVELOPMENT OUTCOME 5
IMPROVED STRATEGIC SECTOR PERFORMANCE

DEVELOPMENT OUTCOME 6
INCREASED INTRA- AND EXTRA-REGIONAL TRADE

SDGs SUPPORTED

Photo credits: Kampala Cement Company Ltd

Kampala Cement Company Limited is a cement grinding plant located in Kampala, Uganda and is affiliated to Multiple Hauliers (EA) Limited a trucking company with operations in East Africa. The plant was constructed in 2015 and is now the 4th largest cement producer in Uganda producing 1.2 million tonnes of cement each year.

TDB extended a USD 49.3 million facility to support the construction of the USD 90 million cement grinding plant. In extending this facility, TDB directly contributed to SDG 9 target 9.3 on increasing the access of enterprises to financial services, including affordable credit and SDG 17 target 17.3 on mobilising additional financial resources for developing countries from multiple sources to support the implementation of SDGs in Uganda. The financing extended also directly contributed to increased employment, improved strategic sector performance and increased intra-regional trade. During the construction period the plant generated over 500 jobs and now post construction the plant provides 300 jobs both directly and indirectly through the value chain created. The value chain included transportation services that would transport cement for consumers as well as wholesalers and distributers of the cement. The jobs created by Kampala Cement Company also contribute to SDG 8 target 8.2 on achieving higher levels of economic productivity through diversification through a focus on high value-added and labour-intensive sectors as well as target 8.5 on achieving full and productive employment and decent work for all women and men.

The construction of the plant helped to strengthen a strategic sector in Uganda. Cement is a critical input required to support infrastructure development which has been on the rise in Uganda. Traditionally, Uganda had relied on cement imports from Pakistan and its neighbouring countries to satisfy local demand and Kampala Cement Company stepped in to fill this supply gap. In producing cement, Kampala Cement Company is contributing to strengthening the construction sector through increasing local production of a critical construction material.

> *"TDB – A strong and solid development & financial partner that we are proud to be associated with, respect and rely upon for our prevailing and future growth."*
>
> General Manager,
> Kampala Cement Company

This development outcome directly contributes to SDG 9 target 9.2 on promoting inclusive and sustainable industrialization to significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

Since its operations Kampala Cement Company has grown its operations and now serves other regional markets including DRC and South Sudan. These exports support intra-regional trade of cement that have traditionally been imported as well as generating foreign currency for Uganda. The foreign currency generated and import substitution directly supports SDG 17 target 17.11 on significantly increase the exports.

Photo credits: Kampala Cement Company Ltd.

One of KCCL's distribution trucks

4.3.5 OUTCOME 4: INCREASED ACCESS TO ECONOMIC AND SOCIAL INFRASTRUCTURE

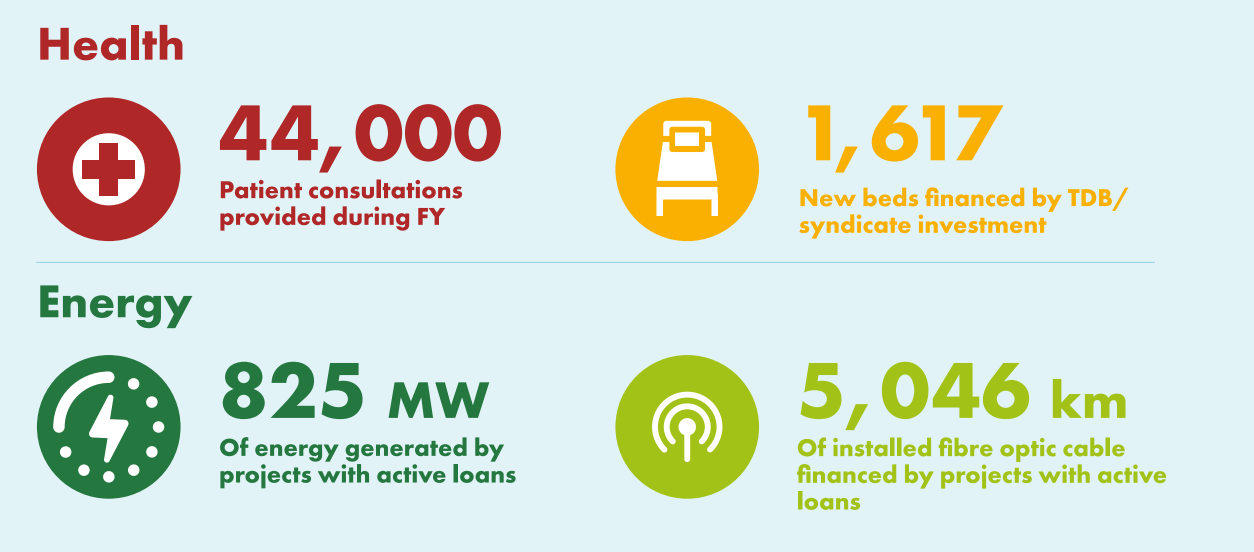
Most of TDB's Member States strive to improve their economic and social infrastructure so that they can better support their citizens' and businesses' needs. Although most Member States see the opportunity to build the infrastructure needed to support sustainable development, there is often a gap in financing for such projects. TDB's project and infrastructure financing helps address this financing gap and allows Member States to develop infrastructure, leading to more positive economic, social, health and environmental outcomes which directly contributes to SDG 9 target 9.1 on developing quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all.

As of December 31, 2020, the total value of TDB's Project and Infrastructure Finance loan portfolio was USD 2.3 billion. The Bank's total Project and Infrastructure Finance disbursements were USD 272.8 million in fiscal year 2020. TDB's overall Project and Infrastructure Finance loan portfolio includes support for the construction of road networks, port and airport facilities, railways, water and sanitation, and energy generation and distribution projects in Member States. TDB's investment in infrastructure projects improves the productivity of the private sector, enhances health and education outcomes, increases energy security, facilitates ease of movement, reduces transportation costs, and promotes regional integration.

Increased access to economic and social infrastructure promotes inclusive development especially for people located in underserved, often rural, areas. Efficient and accessible telecommunication and transport infrastructure lowers business costs and promotes ease of moving goods, people and services in Member States. Additionally, the increased connectivity stimulates intra-regional trade. Among the plethora of benefits that connectivity provides, people can access essential goods and services much more quickly and cheaper, thereby improving the quality of life for citizens. Projects financed through active TDB loans have resulted in 5,046 km of installed fibre optic cable. As such, more people can access the Internet and be more effectively integrated into the modern economy.

TDB's investment in infrastructure is also crucial for improving access to healthcare in Member States. Many of TDB's Member States lack health infrastructure necessary to adequately serve much of their population and produce strong health outcomes, especially in underserved areas. TDB's commitment to improving such infrastructure has been clear in 2020, a year in which health infrastructure has been crucial to the resilience of economies, and to the protection of people's lives. In 2020, due to projects supported with TDB's financing, 44,000 patients were served. Additionally, the healthcare projects financed by TDB have led to 1,617 new hospital beds in Member States. These are significant increases in capacity, removing some of the stress that other medical facilities in TDB's Member States face. TDB's contribution to the improvement of the health infrastructure is partly demonstrated in Case Study 9 and 10 where the Bank provided financing to SOM Clinic in Djibouti and PSMI in Zimbabwe to support the development of quality health infrastructure in both countries.

Figure 20: Development Outcome 4: Increased Access to Economic and Social Infrastructure
(as of December 31st, 2020)



Source: Developed for this Report

CASE STUDY:
IMPROVING ACCESS TO MEDICAL DIAGNOSTIC SERVICES IN DJIBOUTI

09

SOM CLINIC & DIAGNOSTIC CENTRE

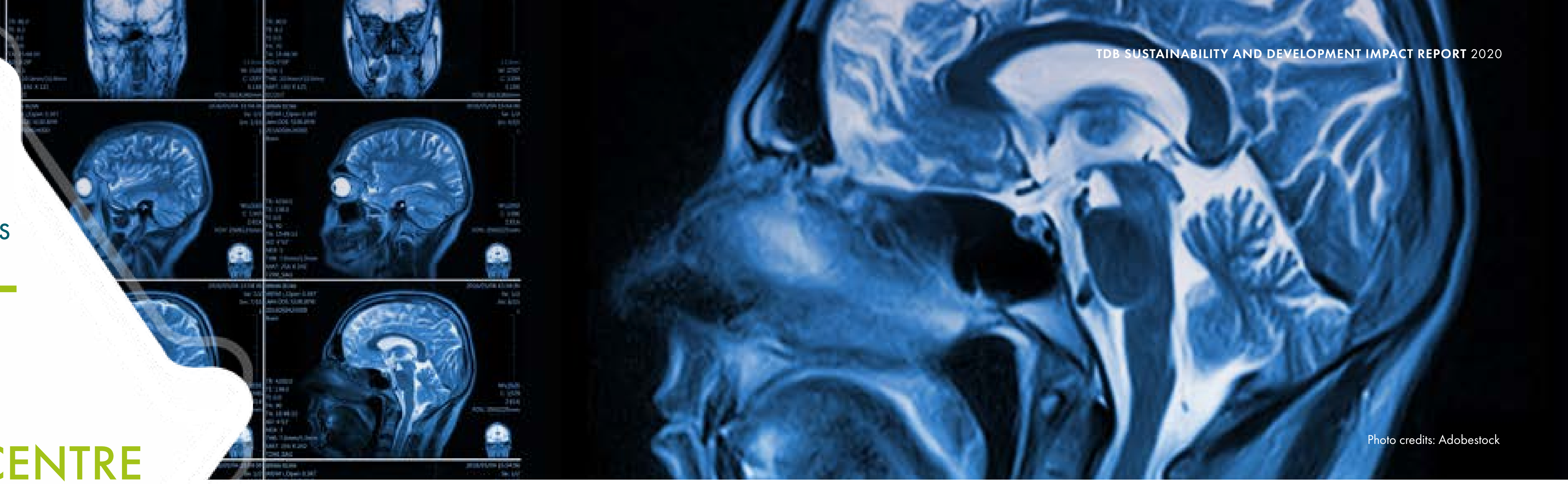


Photo credits: Adobestock

FACILITY AMOUNT

USD 2.8 MILLION

PROJECT AND INFRASTRUCTURE FINANCE FOR THE PURCHASE OF DIAGNOSTIC MEDICAL EQUIPMENT

PERIOD

FACILITY APPROVED DATE
AUGUST 2016

TENOR
6 YEARS

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 2
ENHANCED BUSINESS PERFORMANCE

DEVELOPMENT OUTCOME 3
INCREASED EMPLOYMENT

DEVELOPMENT OUTCOME 4
IMPROVED ACCESS TO SOCIAL AND ECONOMIC INFRASTRUCTURE

DEVELOPMENT OUTCOME 5
IMPROVED STRATEGIC SECTOR PERFORMANCE

Photo credits: SOM Clinic & Diagnostic Centre

SDGs SUPPORTED

SOM Clinic and Diagnostic Center is a medical facility offering medical diagnosis services in Djibouti City, Djibouti. The facility is the first of its kind to provide diagnostic services in Djibouti. Diagnosis services provided include Magnetic Resonance Imaging (MRI) and Computerised Tomography (CT) scans. Construction of the facility began in 2016 and operations in 2019. Before the construction of the clinic in 2016, patients in Djibouti had to travel to other countries such as Kenya, Ethiopia and India to obtain medical diagnostic services. The cost of traveling to these countries to access such services made it difficult for a majority of the country's 900,000 population to access such medical facilities.

In 2016, TDB extended project and infrastructure financing of USD 2.8 million which was utilised for the purchase of medical equipment. In extending this loan, TDB directly contributed to SDG 9 target 9.3 on increasing the access of enterprises to financial services in developing countries. Through TDB's financing the health facility enhanced its business performance by purchasing state-of-the-art machinery enabling the facility to provide quality diagnosis services in Djibouti. At the same time, the clinic increased the access to quality medical facilities in Djibouti that were previously lacking. In its first month of operation in 2019, the facility provided services to an average of 539 patients and this number increased by 18% per month. Cumulatively, the facility had provided diagnostic services to more that 15,000 patients in 2019. The clinic now not only offers diagnostic services to patients in Djibouti, but also to patients from nearby countries such as Ethiopia. The clinic's services are also being used to diagnose patients for COVID-19 through its CT machinery used to scan for lung infections in patients with COVID-19. This development impact also directly contributes to SDG 3 target 3.4 on reducing by one third premature mortality from non-communicable diseases through prevention and treatment through increasing access to medical diagnosis services in Djibouti and the region.

Photo credits: SOM Clinic & Diagnostic Centre

State-of-the-art medical equipment

Beyond improving access to medical services, the operation of this clinic generated employment by creating jobs for doctors and nurses now working at the facility. To date the clinic employs 31 employees (13 women and 18 men). The impact of this employment generated contributes to SDG 8 target 8.2 on achieving higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value-added sectors and target 8.5 on achieving full and productive employment and decent work for all women and men in Djibouti. At an aggregate level, this financing contributing to supporting a strategic sector in Djibouti. Health care is a strategic sector with a growing population and an influx of refugees from neighboring countries putting a strain on the public health care sector. Through its financing to this facility, TDB was able to contribute to the growth of Djibouti's health care sector which will ensure that the country has a healthy population.

CASE STUDY:
IMPROVING ACCESS TO QUALITY MEDICAL FACILITIES IN ZIMBABWE AND BEYOND

10
PREMIER SERVICE MEDICAL INVESTMENTS

Photo credits: Shutterstock

FACILITY AMOUNT

USD 5 MILLION

PROJECT AND INFRASTRUCTURE FINANCE FOR THE PURCHASE OF MEDICAL EQUIPMENT AND UPGRADING MEDICAL FACILITIES

PERIOD

FACILITY APPROVED DATE
JULY 2013

TENOR
8 YEARS

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 2
ENHANCED BUSINESS PERFORMANCE

DEVELOPMENT OUTCOME 4
IMPROVED ACCESS TO SOCIAL AND ECONOMIC INFRASTRUCTURE

DEVELOPMENT OUTCOME 5
IMPROVED STRATEGIC SECTOR PERFORMANCE

Photo credits: Premier Service Medical Investments

SDGs SUPPORTED

Founded in 2003 Premier Service Medical Investments (PSMI) is a network of private medical facilities operating across Zimbabwe. With 148 medical centers across all 10 provinces in the country including dental centers, hospitals and clinics, PSMI is the largest private medical services provider in Zimbabwe. PSMI is a subsidiary of Premier Service Holding Company (PSHC) an integrated health and financial services provider. PHSC has interests in Premier Service Medical Aid Society (PSMAS), Premier Service Medical Investments (PSMI), Premier Service Medical Aid Society Zambia and Premier Service Microfinance (PSMFin). Premier Service Medical Aid Society (PSMAS) is a health insurance provider operating in Zimbabwe for over 90 years with over 800,000 clients. PSMI's 148 medical facilities provide medical services to more than 300,000 patients each month making it a key health care provider in the country.

To support PSMI in enhancing its medical facilities and supplement the public health care system, TDB extended a USD 5 million facility for the retooling and refurbishment of 9 of PSMI's medical facilities: 6 hospitals, two pharmacies and an optometry center. PSMI used the loan proceeds to purchase equipment which included beds, X-ray machines and radiology machinery. Beyond purchasing equipment, PSMI is now providing telemedicine consultation services primarily for 80% of its patients, making access to healthcare services easier to patients in remote parts of the country. This facility had both direct and indirect impact to PSMI and the economy at large, with the direct impact being direct benefits from the deployment of the USD 5 million facility, whilst the indirect impact relates to benefits derived from the by-products of the direct benefits, which have created capacity for PSMI to embark on various capital projects.

TDB's facility has benefited PSMI and the Zimbabwean health care sector at large through creating access to health care services across all service lines, increasing capacity from introduction of new services and improved service efficacy from PSMI's existing units prior to borrowing of funds from TDB. PSMI utilised the funds to purchase new medical equipment which enhanced PSMI's service offering as well as improved service efficacy. PSMI was able to embark on new projects and complete projects which were outstanding at the time of borrowing, resulting in a significant increase in PSMI's operational capacity. As a result, PSMI's annual throughput (number of patient visits) increased from 1.8 million prior to these refurbishments to 3.6 million visits after, signifying a 100% increase. Specifically, 9 facilities benefitted significantly from these funds. This increased capacity led to PSMI increasing the number of hospital procedures from 1 million to 1.2 million, an 18% increase attributable to PSMI being able to make these investments as a result of the TDB facility. PSMI increased capacity utilisation, with the number of beds having increased from 217 to 274 following procurement of hospital equipment. Bed occupancy rate decreased from 78% to 72% as a result of decongestion of PSMI hospitals. With this increased throughput, PSMI's capacity to generate revenue increased from USD 77 million to USD 133 million annually. PSMI by increasing medical services to Zimbabwe's health care system directly contributes to SDG 3 on target 3.8 on achieving universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines.

The TDB loan had a positive impact on employment creation following the increase in capacity through completion of projects as well as improved service delivery. The number of PSMI employees increased from 1,179 employees to the current

10 PREMIER SERVICE MEDICAL INVESTMENTS (CONT'D)

2,489, which translates to a 111.1% increase in the number of employees. This increase created strides in addressing gender imbalances which existed in the organization, seeing the female employee ratio increasing from 41% to 57%, and female ratio in management increasing from 19% to 30%. The TDB facility also enabled PSMI to open more Optometry units. The expansion of these units directly contributed to SDG 9 target 9.1 on developing infrastructure to support human well-being, with a focus on affordable and equitable access for all. This allowed the engagement of 10 expatriate employees, up from three. In addition, the number of trained technicians and trained engineers increased from 2 to 5 following the increase in the number of units. The employment created directly contributes to SDG 8 target 8.2 on achieving higher levels of economic productivity through a focus on high value-added sectors such as health care and target 8.5 on achieving full and productive employment and decent work for all women and men.

Corporate Social Responsibility and community impact have always been a cornerstone of PSMI's operations. PSMI now has a sponsorship programme for medical students for both undergraduate and post graduate programmes. Currently, PSMI sponsors 69 students from various medical disciplines (45 undergraduates and 24 specialists). Upon completion of their courses, they will be employed by PSMI. In supporting these students PSMI directly contributes to SDG 3 target 3c on substantially increasing health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries such as Zimbabwe. After upgrading its medical facilities, PSMI donated its older equipment to public health facilities in Harare directly contributing to equipping public health facilities which often lack adequate equipment to provide medical services. PSMI medical facilities also played a critical role in providing medical services during the COVID-19 pandemic, opening COVID-19 'Stabilization Centers' to treat COVID-19 patients as well as conducting COVID-19 tests.

Due to increased business activity, capacity to purchase goods and services from other suppliers increased from USD 59 million to USD 100 million annually. This has enhanced growth of PSMI's key suppliers, who are suppliers of drugs and consumables, food, stationery, motor vehicle repairs and maintenance, security companies, cleaning companies, etc. PSMI has the capacity to contribute to the fiscus through taxes (PAYE, VAT, Corporate Tax, etc) an amount of USD 11 million annually, from USD 3 million prior to accessing the loan facility directly contributing to SDG 17 target 17.1 on strengthening domestic resource mobilization, including through improving domestic capacity for tax and other revenue collection.

> *"TDB's rates were very competitive compared to commercial rates obtaining in the market, the tenor was also longer thereby fitting into cashflows thereby improving sustainability and viability."*
>
> Finance Director, PSMI Group

PSMI as a key health care provider in Zimbabwe and directly contributes to the strengthening of the strategic health care sector, especially in a developing country such as Zimbabwe. A strong and accessible health care system is important for promoting health and well-being as well as building human capital that can effectively contribute to economic growth. PSMI is not only seeking to strengthen the health care sector in Zimbabwe but also in the Southern Africa region by expanded operations into Zambia market, further promoting access to medical infrastructure and services. PSHC, PSMI's parent company, through PSMAS Zambia, insures more than 20,000 Zambians and operates a major medical facility in Lusaka. PSMI has collaborated with 200 medical services providers in Zambia and is now seeking to enter Malawi and Mozambique contributing to SDG 3 on supporting health and well-being in Zimbabwe and across the Southern Africa region as well.

TDB also makes significant investments in education infrastructure. Through financing such infrastructure, the Bank works towards improving literacy and human capital in Member States, thereby increasing labour force participation and allowing countries to produce higher value-added goods and services. TDB's financing has led to the enrolment of an additional 80 students directly contributing to SDG 4 target 4.1 on ensuring that all girls and boys complete free, equitable and quality primary and secondary education in Member States.

TDB's investment in energy infrastructure is crucial in providing Member States' economies with a consistent and secure supply of energy. Energy support infrastructure facilitates the distribution of power, which helps to ensure a vibrant manufacturing sector, create jobs, add value to local agricultural products, and make exports more competitive. The increase in productivity is especially significant as many communities in Member States deal with persistent blackouts. These blackouts reduce the potential hours of operation for businesses more broadly, but especially for energy-intensive sectors such as manufacturing, while also making it more difficult to plan operations. Stability in energy supply will increase output and allow businesses to operate more smoothly. Additionally, it will increase the livelihoods of regular citizens as they will have access to appliances and communication technologies more readily and consistently. TDB actively supports the development of renewable energy sources in line with the Bank's commitment to the Paris Agreement and its contribution to SDG 7 on ensuring access to affordable, reliable, sustainable, and modern energy for all.

Through supporting infrastructure development in Member States, TDB directly contributes to SDGs 1 on zero poverty, SDG 3 on promoting health and well-being, SDG 4 on promoting education for all and SDG 9 target 9.1 on developing quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all. promoting industry, innovation, and infrastructure.

4.3.6 OUTCOME 5: IMPROVED STRATEGIC SECTOR PERFORMANCE

Financing projects and businesses that improve strategic sector performance is of great importance to TDB. Sectors such as renewable energy, agriculture and manufacturing contribute to regional growth, food security and energy security among Member States. Through its financing TDB ensures that Member States have access to reliable inputs from these sectors, as well as a reliable supply of critical imports. By doing so, TDB is better able to ensure consistent productivity of Member State economies.

TDB's investments in energy projects enhance national energy security by increasing the installed capacity and reliability of the energy supply. Many of TDB's Member State economies suffer from energy insecurity, which diminishes the productivity of the private sector and hampers the livelihoods of the broader public. Through TDB's investments, the Bank enhances energy security, thereby improving economic productivity while enhancing livelihoods for regular citizens. The Bank's investment in the renewable energy sector has been of particular importance to TDB in recent years, as the Bank understands that it provides Member States with a sustainable source of energy security. The generating capacity of renewable energy facilities financed by TDB is 655.05 megawatts. By financing the shift towards renewable energy sources, TDB contributes directly to SDG 13 target 13.1 on strengthening climate resiliency. Case Study 11 highlights how TDB's support of the Hydromax Nkusi Limited, one of the clean energy projects, transformed energy security in Uganda. In supporting this project TDB moved closer to achieving subgoal 9a on facilitating sustainable and resilient infrastructure development in developing countries through enhanced financial to African countries. By increasing the performance of strategic sectors, TDB directly contributes to the achievement of SDGs 2 on zero hunger, SDG 7 on ensuring access to affordable, reliable, sustainable and modern energy for all, SDG 8 on decent work and economic growth and SDG 9 on industry, innovation and infrastructure.

Figure 21: Development Outcome 5: Improved Strategic Sector Performance (as of December 31st , 2020)

655.05 MW

Generating capacity of renewable energy facilities financed

(wind, hydro, solar, geothermal)

Source: Developed for this Report

CASE STUDY:
SUPPORTING RENEWABLE ENERGY INFRASTRUCTURE IN UGANDA

11

HYDROMAX NKUSI LIMITED

Photo credits: Hydromax Nkusi Ltd.

FACILITY AMOUNT

USD 12.7 MILLION

PROJECT AND INFRASTRUCTURE FINANCE FOR THE CONSTRUCTION OF A HYDROPOWER PLANT

PERIOD

FACILITY APPROVED DATE
DECEMBER 2016

TENOR
10 YEARS

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 3
INCREASED EMPLOYMENT

DEVELOPMENT OUTCOME 4
IMPROVED ACCESS TO SOCIAL AND ECONOMIC INFRASTRUCTURE

DEVELOPMENT OUTCOME 5
IMPROVED STRATEGIC SECTOR PERFORMANCE

SDGs SUPPORTED

Photo credits: Hydromax Nkusi Ltd

Hydromax Nkusi Limited is a run of the river a hydropower plant located 7km from Lake Albert in the town of Kigorobya, within Hoima district in Uganda. Construction commenced in 2015 and the power plant began operations in December 2018 generating 4.8 megawatts with Uganda Electricity Transmission Company Limited as the off taker. The plant was constructed with the support of the Uganda Global Energy Transfer Feed-in Tariff (GET FiT) programme led by KfW. The programme, which funded 16 other renewable power generation plants in Uganda aimed to support the construction of renewable energy generation projects by proving a top-up on the REFIT tariff thereby encouraging Renewable Energy developers in Uganda.

TDB extended a USD 12.7 million loan facility to support the construction of the power plant as part of an effort by the Bank to support more renewable energy projects in Member States. In extending financing to support a renewable energy project, TDB directly contributed to SDG 7 target 7.1 on ensuring universal access to affordable, reliable and modern energy services as well as target 7b on expanding infrastructure for supplying modern and sustainable energy services for all in developing countries. Through extending this financing, TDB directly contributed to SDG 9 target 9.3 on increasing the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit.

The construction of Hydromax Nkusi had a multiplier development impact both in Kigorobya and in Uganda more broadly. During the construction phase of the plant, 435 jobs were created which had a significant impact in Hoima district, which otherwise suffers from high levels of unemployment. Since the completion of the project, the project continues to employ 40 workers for the operations and maintenance of the plant. Hydromax Nkusi made sure to generate quality jobs which included social security for the employees and access to medical facilities. The creation of these jobs directly contributed to SDG 8 target 8.2 on achieving higher levels of economic productivity focusing on high value added and labour-intensive sectors and target 8.5 on achieving full and productive employment and decent work for all women and men in Uganda.

Photo credits: Hydromax Nkusi Ltd.

Part of the hydro-power plant

Post implementation, the power generated has had a substantial development impact in Kigorobya as well as Hoima district more broadly where previously electricity had not been as accessible. With the electricity generated, an estimated 2,000 jobs were indirectly created as residents were able to start small businesses using this electricity, while existing businesses were able to experience greater continuity of operations. The construction of the plant directly contributed to increased access to vital economic infrastructure. Hydromax's construction also contributed to SDG 9 target 9.1 on developing quality, reliable, sustainable and resilient infrastructure as well as target 9a on facilitating sustainable and resilient infrastructure development in

11
HYDROMAX NKUSI LIMITED (CONT'D)

developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries which include Uganda.

The sustainable development of key infrastructure in Uganda is vital in promoting economic growth in the country. Hydromax Nkusi is an example of how critical infrastructure can be built in an environmentally sustainable way. When the plant was constructed, stringent environmental measures were taken in line with IFC standards to ensure that the surrounding environment was not significantly disturbed. For example, not all the river water was diverted to the plant to ensure that the aquatic life and surrounding environment was not significantly affected. Hydromax Nkusi also regularly monitors the aquatic life in the river to protect to the extent possible the flora and fauna surrounding the plant. Social risks were also minimised by constructing the plant in an area where there were no human habitants. This directly contributes to SDG 13 target 13.1 on strengthening resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

At an aggregate level, Hydromax Nkusi is contributing to strengthening a strategic sector in Uganda – the energy sector which is vital for sustainable economic growth. Improving Uganda's energy sector directly contributes to improving productivity in other sectors of the economy such as agriculture, manufacturing and services. Hydromax Nkusi is contributing to Uganda's energy power pool to meet the growing energy demand in the country.

Hydromax Nkusi continues to support sustainable development in Kigorobya district through corporate social responsibility activities. The company constructed a classroom block in Bukumi village housing 150 children aged 6-12 years greatly improving access to education in the village. The construction of this classroom block by Hydromax also directly contributed to SDG 4 target 4a on building and upgrading education facilities that are child sensitive and provide and effective learning environments for all in Uganda.

TDB finances other key strategic sectors such as agriculture, manufacturing and tourism not only supports to increase employment and output, but also to reduce the reliance of Member States on imports. By producing once imported goods domestically, Member States can improve their balance of payments position, while improving the resilience of their economies. Over the course of the COVID-19 pandemic, TDB has seen that foreign trade with faraway trade partners is not always a reliable source of critical goods like foodstuffs and medical supplies. TDB's contribution to these strategic sectors allows for its Member States to have access to essential goods more readily, while assisting them grow their economies more steadily. In tourism TDB's financing also contributed to enhancing strategic sector performance by way of supporting the hospitality industry. Specifically, the Bank has supported the construction of 1,628 new rooms through the transactions it has supported in the hospitality sector. Such accommodations are necessary for improving the tourism sector in Member States. Its support of this sector can be seen in Case Study 12 below, which details TDB's financing of the construction of Hotel Vision in Kigali, Rwanda.

> *"TDB was responsive and carried out the due diligence necessary for the project in an accelerated manner"*
>
> Chief Technical Officer,
> Hydromax Nkusi

CASE STUDY:
SUPPORTING RWANDA'S HOSPITALITY INDUSTRY

12
HOTEL VISION

Photo credits: Shutterstock

FACILITY AMOUNT

USD 7.8 MILLION

PROJECT AND INFRASTRUCTURE FINANCE TO SUPPORT THE CONSTRUCTION AND FURNISHMENT OF HOTEL VISION

PERIOD

FACILITY APPROVED DATE
MAY 2015

TENOR
7 YEARS

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 3
INCREASED EMPLOYMENT

DEVELOPMENT OUTCOME 5
IMPROVED STRATEGIC SECTOR PERFORMANCE

SDGs SUPPORTED

Hotel Vision is one of the largest hotels in Kigali, Rwanda with a capacity to host 1,200 guests in its conference facilities and over 161 guests in 161 rooms. The hotel was constructed in 2009 in an effort to support the tourism sector in Rwanda by increasing tourist and business accommodation facilities in Kigali. Since the hotel began operations, Hotel Vision has now become a world-class hotel renowned for providing quality accommodation for tourists visiting Kigali and hosting international conferences.

TDB extended total facilities of USD 7.8 million project and infrastructure financing facility to support the construction and furnishment of a four-star hotel. In addition to providing much needed capital required for the construction of the hotel, TDB's financing was instrumental to crowed in co-financing by local commercial and development banks and equity finance from the private sector. By extending this facility TDB contributed to SDG 9 target 9.3 on increasing the access of enterprises in developing countries to affordable credit as well as SDG 17 target 17.1 on strengthening domestic resource mobilisation to improve domestic capacity for tax and other revenue collection.

Hotel Vision's construction directly contributed to generating employment both during and post the construction phase. During the construction phase of the hotel over 210 jobs were created and post construction 145 staff (93 male and 52 female) are employed by the hotel. In addition to creating jobs, Hotel Vision contributed to building local capacity through skills transfer from expatriate staff to local staff. To support capacity building for local staff the hotel has in place a policy supporting the upward mobility of local staff to management positions, mostly held by international staff, directly contributing to building professional skills in the Rwanda labor force. The hotel indirectly creates and supports jobs for its over 200 suppliers including supermarkets, breweries and other consumer goods. The direct and indirect jobs created though Hotel Vision directly contribute to SDG 8 target 8.5 on achieving full and productive employment and decent work for all women and men. With construction now completed, Hotel Vision contributes to improving the performance of Rwanda's key strategic sector – tourism – and increasing intra- and extra-regional trade through providing tourism services. Hotel Vision is a key contributor to Rwanda's tourism sector which is a strategic and priority sector for the Government of Rwanda under its meetings, incentives, conventions and exhibitions (MICE) tourism strategy. The strategy's goal is to promote the tourism sector in Rwanda as well as increase the country's capacity to host international meetings, conventions and exhibitions. Hotel Vision is a key stakeholder in supporting this strategy as it provides accommodation for tourists as well as business travellers attending meetings, conferences, and exhibitions in Kigali. The construction of the hotel contributed to developing infrastructure that supports key sectors for economic growth in Rwanda. Through providing world class accommodation for tourists, business travellers and hosting key international conferences, Hotel Vision also generates foreign currency for the Rwandan economy. In providing tourism and business services to foreign nationals Hotel Vision also contributes to SDG 17 target 17.11 on significantly increasing the exports of developing countries, with a view to doubling the least developed countries' share of global exports.

> *"TDB is one of the best lenders always understanding and ready to assist their clients notwithstanding their comparing favourably with rates charged by commercial banks."*
>
> Financial Controller, Park Inn (Hotel Vision)

Photo credits: Hotel Vision

4.3.7 OUTCOME 6: INCREASED INTRA- AND EXTRA-REGIONAL TRADE

TDB actively works to increase intra- and extra-regional trade among Member States. The Bank's support towards increasing trade brings an array of benefits, including enhanced regional integration and higher economic growth among Member States. TDB provides support for the development of high value exports, which significantly contributes to economic growth and foreign reserves for Member States. The Bank's finance for exporting businesses assists them to expand production and to comply with the required standards in export markets. TDB's trade finance solutions are crucial in driving increased intra- and extra-regional trade. These solutions include letters of credit (LC) confirmations, discounting, refinancing, and forfaiting, among others which provide exporters with the funding and confidence to sell abroad.

TDB's active trade finance portfolio consists of 38 loans with its gross trade finance portfolio totalling USD 3.5 billion. In fiscal year 2020 alone, USD 1.1 billion in loans were approved. This financing has supported a significant amount of trade. In 2020, the total value of trade actively covered by TDB loans was USD 3.2 billion. From the Bank's trade finance services, 16 Member States have received funding.

In addition to supporting intra- and extra-regional trade by way of trade finance services, TDB has supported increased trade through funding transportation infrastructure. TDB's support for the development of transport infrastructure and logistics helps to reduce the cost of moving goods across borders and increases the competitiveness of intra-regional trade. TDB supports national export development agencies by providing revolving loan facilities to allow countries to exploit their export development potential and generate foreign exchange.

TDB's contribution towards increasing intra- and extra-regional trade is crucial in achieving SDGs 8 and 17 in Member States. The specific subgoals TDB supports under this outcome include SDG 8 target 8.2 on achieving higher levels of economic productivity through a focus on high value-added and labour-intensive sectors and SDG 17 target 17.11 on significantly increasing the exports of developing countries, with a view to double least developed countries' share of global exports. Case Study 13 on the Eswatini Sugar Association demonstrates how TDB's financing supports Member State exports.

CASE STUDY:
SUPPORTING ESWATINI'S MAJOR EXPORTER AND EMPLOYER

13

ESWATINI SUGAR ASSOCIATION

FACILITY AMOUNT

USD 25 MILLION

REVOLVING LINE OF CREDIT FOR THE PURCHASE OF SUGAR CANE FROM LOCAL FARMERS

PERIOD

FACILITY APPROVED DATE
MARCH 2019

TENOR
1 YEAR

SUPPORTED DEVELOPMENT OUTCOMES

DEVELOPMENT OUTCOME 1
INCREASED ACCESS TO FINANCE

DEVELOPMENT OUTCOME 2
ENHANCED BUSINESS PERFORMANCE

DEVELOPMENT OUTCOME 5
IMPROVED STRATEGIC SECTOR PERFORMANCE

DEVELOPMENT OUTCOME 6
INCREASED INTRA- AND EXTRA-REGIONAL TRADE

Photo credits: Eswatini Sugar Association

SDGs SUPPORTED

13
ESWATINI SUGAR ASSOCIATION (CONT'D)

Founded in 1967, Eswatini Sugar Association is Eswatini's sole sugar exporter and within the sugar sector the largest employer. The Association is a not-for-profit organisation which works with sugar cane growers and millers to sell their sugar to local, regional and international markets. To date, the Association works with three millers and over 500 growers, of which 380 are SMEs. Of these SMEs, 40% of them are run by women.

TDB extended a USD 25 million committed revolving line of credit to increase the Association's working capital. This financing was utilised to assist the Association with the purchase of pre-export inputs such as sugar stocks and transport services. In providing this line of credit, TDB directly contributed to SDG 9 target 9.3 on increasing the access of enterprises to financial services, including affordable credit, and their integration into value chains and markets. This line of credit improved the Association's access to financing needed to purchase pre-export goods and services allowing the Association to be able to pay millers and farmers on delivery, rather than after payment by the buyers which in some transactions took as long as 270 days. Ultimately this line of credit also enhanced the business performance of the Association. In the first year of the line of credit the Association improved its financial position by 12 million Emalangeni (USD 800,000) all of which was passed on to the growers and millers.

By providing financing to the Association, TDB also supported Eswatini's most strategic sector – the sugar industry. The Eswatini sugar industry is strategic sector for the country, competing both in Africa and internationally. In Africa, Eswatini is the 2nd largest exporter, 6th largest producer in Africa and 2nd lowest cost producer. Internationally, Eswatini is the 5th lowest cost producer as well as 8th largest net exporter. The sugar industry is a significant contributor to the Eswatini economy contributing to 81.2% of all agriculture crop production, 10.5% of all manufacturing output and overall contributes to approximately 5% of the country's GDP.

The Association is a critical player in Eswatini's sugar sector with an extensive network of millers and growers providing more than 12,000 jobs (in an industry supporting 20,000 jobs) directly contributing to SDG 8 target 8.2 on achieving higher levels of economic productivity through a focus on labour-intensive sectors and target 8.5 on achieving full and productive employment and decent work for all women and men in Eswatini. The Association is a key player in the sugar industry value chain in Eswatini providing business for other industries in the value chain such as fertiliser producers.

The Association is the largest sugar exporter in Eswatini exporting to markets in the Southern Africa Customs Union (SACU), Africa, U.S. and Europe. Through its exports, the Association generates much needed foreign currency for the Eswatini economy. In doing so the Association directly contributes to SDG 17 target 17.1 on strengthening domestic resource mobilisation to improve domestic capacity for tax and other revenue collection. The Association is now looking to expand its exports into the Africa region specifically the East Africa region. Through its exports the Association is also promoting intra- and extra-regional trade in Eswatini directly contributing to SDG 17 target 17.11 on significantly increasing exports of developing countries such as Eswatini. The Association and its members, also has extensive CSR activities which include supporting malaria prevention services in the lowveld areas of the country where sugar cane is produced. This support was in the form of 1.5 million Emalangeni (USD 100,000) to a Malaria Fund which directly contributes to SDG 3 target 3.3 on ending the epidemics of malaria in Eswatini. The Association and its members also built schools in the farming areas to support families of sugar cane growers and millers in an otherwise remote part of the country thereby promoting access to education directly contributing to SDG 4 target 4.1 on ensuring that all girls and boys complete free, equitable and quality primary and secondary education.

Photo credits: Eswatini Sugar Association

Bulk sugar stock at the Association's warehouse

LOOKING AHEAD

This is TDB's second Sustainability and Development Impact Report. The Bank is excited to showcase the progress made building on its Sustainability and Development Impact Monitoring System (SDIMS). This Report reviewed TDB's development impact and discussed how the Bank is at the forefront of extending development finance and services to advance regional growth and integration. TDB is proud to be a leader in the region it serves in providing tailored financing solutions that support its Member States in meeting their development goals and contribute to the global development agenda – in line with SDGs, the Paris Agreement, and Agenda 2063.

2020 was an especially challenging year for the Bank's clients and Member States. The COVID-19 pandemic brought about various socio-economic challenges resulting in major setbacks on the sustainable development gains made by Member States. TDB is pleased to be a consistent partner of its clients and Member States as they navigate the socio-economic impacts of the COVID-19 pandemic. During these trying times, TDB supported clients and Member States by mobilizing much needed financing through its partnerships and by taking a leadership role in providing financing for clients and Member States to address some of the adverse impacts of the pandemic.

Looking ahead, TDB will continue to play a crucial role in providing bespoke financial solutions for clients, including as Member States begin their post-COVID-19 recovery.

of developing countries, with a view to double least developed countries' share of global exports. Case Study 13 on the Eswatini Sugar Association demonstrates how TDB's financing supports Member State exports.