TDB
TRADE & DEVELOPMENT BANK

INTEGRATING & ADVANCING THE REGION

TDB SUSTAINABILITY AND DEVELOPMENT IMPACT REPORT 2021

Trade Finance and Project Infrastructure Finance to drive financial inclusion, resilient supply chains, climate finance, and food security

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

ACKNOWLEDGEMENTS

This Report was commissioned by the Eastern and Southern African Trade and Development Bank (TDB) to report the Bank's development impacts and outcomes as guided by the Bank's Sustainability and Development Impact framework.

The Report has been produced under the guidance of the Steering Committee comprising Michael Awori, TDB Chief Executive Officer; Joy Ntare, Deputy Group Managing Director and Chief Risk Officer; David Bamlango, Deputy Managing Director and General Counsel; Wycliff Bbossa, Executive Portfolio Management; Mary Kamari, Executive Corporate Affairs and Investor Relations; and Gloria Mamba, Group Executive and Executive Director, TDF Business Trade and Development Fund/Coverage, Southern Africa.

TDB also acknowledges the following Taskforce Members who provided essential contributions and peer review of the Report, comprising: Eston Chimkono, Head Portfolio Management; Anne Marie Iskandar, Senior Communications Officer; Lucy Chege, Head Lending Operations; Alto Chapota, Head Trade Finance (Middle Office); Manners Chuma, Senior Portfolio Management Officer; Robert Sibanda, Portfolio Management Officer; Gumodoka Mehuna, Portfolio Management Officer; Carine Shingiro, Treasury Officer; Carine Ingabire, Lending Operations Officer; Rodger Muwanguzi, Senior Lending Operations Officer; Heitor Guerra, Environmental and Social Specialist; Joan Alupo, Communications Officer; Mbabazi Tarja, Treasury Officer; Wema Kategile, Coordinator, Technical Assistance and Grants Management and Andrew Bamugye, Senior Investment Manager, SME. The Bank further wishes to acknowledge our consultants, Genesis Analytics, who provided the professional input in the preparation and production of this Report (www.genesis-analytics.com).

Cover photo credits: World Ecnomic Forum

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LIST OF ACRONYMS

ACRONYM	FULL PHRASE	ACRONYM	FULL PHRASE
AFCTFA	African Continental Free Trade Area	**MLA**	Mandated Lead Arranger
AFAB	Association of Women in Business in Burundi	**MOU**	Memorandum of Understanding
BANCOBU	The Commercial Bank of Burundi	**PIF**	Project and infrastructure financing
ERMS	Enterprise Risk Management System	**PPA**	Power Purchase Agreement
ESMS	Environmental and Social Monitoring System	**PPE**	Personal Protective Equipment
ET	Ethiopian Airways	**SDG**	Sustainable Development Goals
EUCL	Energy Utility Corporation Limited	**SDIMS**	Sustainable Development Impact Monitoring System
FAO	Food and Agriculture Organisation of the United Nations	**SHS**	Solar Home Systems
GDP	Gross Domestic Product	**SME**	Small and medium Enterprises
GHG	Greenhouse Gases	**TDB**	Trade and Development Bank
ICT	Information and communication technologies	**TF**	Trade finance
KQ	Kenya Airways	**UNFCCC**	United Nations Framework Convention on Climate Change
L/C	Letters of Credit	**WISE**	Women's Initiative for Self-Empowerment

STATEMENT OF THE CHAIRMAN

This 2021 Sustainability and Development Impact Report, TDB Group's third, highlights the Group's ongoing efforts to contribute to sustainable growth on a triple bottom line basis in the member states it serves, while also addressing some of the external shocks brought about by the pandemic since 2020.

In 2021, the Bank made a significant difference in the region via its trade finance operations, which grew by 14% in 2021 to close at USD 4bn, and now consists of about 2/3 of TDB's portfolio, and contributed to boosting supply chain resilience, facilitating greater inter and intra-African trade. TDB has also been working on building infrastructure as well with a portfolio now of USD 2.1bn which includes projects across various sectors, through various transactions aiming to boost regional trade and related economic diversification.

Through its various transactions, including supporting local financial institutions in the region, the Group has kept a sharp focus on financial inclusion as a key cross-cutting theme. Reaching micro, small and medium enterprises, as well as vulnerable groups, notably women and youth, is key to poverty reduction and broad-based socio-economic growth. Another important priority of the Group has been to work on addressing climate change and boosting food and energy security namely through its renewable energy and agriculture portfolios. TDB is also preparing to launch Class C shares to attract new pools of impact capital to help accelerate its contribution to SDGs, Agenda 2063, and the Paris Agreement.

By working towards various development outcomes as explained in the report, TDB contributes mainly to: SDG 1 No Poverty; SDG 2 Zero Hunger; SDG 3 Good Health and Well-Being; SDG 4 Quality Education; SDG 5 Gender Equality, SDG 7 Affordable and Clean Energy; SDG 8 Decent Work and Economic Growth; SDG 10 Reduced Inequalities; SDG 12 Responsible Consumption and Production; SDG 13 Climate Action; and, SDG 17 Partnerships for the Goals

Among the various awards received this year, we are especially proud to have won Global Finance's award for Outstanding Leadership in Sustainable Finance by a Multilateral Institution for the Africa Region.

JUSTE RWAMABUGA
TDB GROUP CHAIRMAN OF
THE BOARD OF DIRECTORS

STATEMENT OF THE GROUP MD


Photo credits: TDB

Through its triple bottom line approach, TDB Group has committed itself to ensuring that its interventions have a measurable development impact and are sustainable in economic, environmental and social terms in its member states.

TDB's Environmental Policy was first adopted in 2005 and later in 2010, it was harmonised with all the Bank's policies and procedures. In 2016, TDB further 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's Agenda 2063 and the Paris Agreement. As a member of the International Development Finance Club (IDFC) and the Finance in Common global movement, TDB is working to align financial flows toward greater sustainability.

As highlighted in this third Sustainability and Development Impact Report, TDB's robust ESG framework comprises an Environmental and Social Management System (ESMS), a Sustainability and Development Impact Monitoring System (SDIMS) and a CSR policy, complemented by other policies such as gender mainstreaming in projects, off-grid environmental and social risk management procedures, and others, as well as adherence to IFC Performance Standards. Sustainability-themed debt is further infusing impact-driven requirements in the deployment of capital in the region, leading to more SDG and climate action content in TDB's portfolio.

By the end of 2021, 79% of TDB's portfolio exposure was in transactions that had low or no environmental or social risk, 6% more than in 2020, which is a testament to the Bank's continued emphasis on environmental and social sustainability when appraising and managing projects and transactions.

We look forward to working synergistically together with our shareholders, partners and clients to engender a greener and more prosperous future for our region and its peoples.

ADMASSU Y. TADESSE
TDB GROUP PRESIDENT EMERITUS
AND MANAGING DIRECTOR

MESSAGE FROM THE EXECUTIVE MANAGEMENT TEAM

Photo credits: TDB

During 2021, TDB focused on assisting Member States and clients to both respond to and begin to recover from the effects of the Covid-19 pandemic. 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 whilst providing sustainable financial support to businesses, particularly SMEs.

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.

As evidence of our operational resilience and innovativeness in serving our Member States, we continued to support the region's trade finance value chain and our trade finance book grew to USD 4.0 billion whilst our intervention in long-term project and infrastructure finance stood at USD 2.1 billion. Based on the Bank's innovative approach to supporting trade in emerging economies, specifically in the context of the pandemic, TDB was honoured with a number of accolades such as the Global Finance Award for Outstanding Leadership in Sustainable Finance by a Multilateral Institution for the Africa Region, Best Bank for Trade Finance in Frontier Markets, World's Best Bank for Trade Finance in Mauritius for the second year running and has won various other country awards which demonstrate TDB's commitment and excellence in delivering on its mandate to support and drive sustainable development in the region.

As at 31st December 2021, the largest share of TDB's transactions are in low-risk categories, evidence of the Bank's emphasis on environment 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 while still delivering substantial developmental impact

The impacts highlighted in this Report showcase how the Bank is contributing towards the Sustainable Development Goals (SDGs) and addressing issues such as reducing gender inequality; protecting the physical environment; addressing climate change; employment creation and ensuring good health and wellness.

Building upon our already robust triple bottom-line performance and robust balance sheet, the Bank recently began development of our Climate Finance Strategy and Framework, in alignment with our mandate to facilitate a more focused approach to mobilizing capital and providing financing solutions aimed at fighting climate change and its negative impacts in the Bank's Member States in line with the Paris Climate goals and the African Union's Agenda 2063 whilst also supporting and the Bank's Member States' growth ambitions and nationally determined contributions (NDCs). This exercise will reinforce the Bank's existing sustainability efforts and position the Bank to serve an even greater role in enabling our region's just transition.

MICHAEL AWORI
TDB CHIEF EXECUTIVE OFFICER


Photo credits: TDB

Amidst the pandemic induced financial turbulence, the TDB Group continued to adopt and enhance innovative practices to manage, control and monitor emerging risks, including the heightened cyber risk environment across the regional financial sector. In 2021, the impact of Covid-19 persisted and caused major disruptions on the social and economic well-being across the TDB Member States. Despite the situation, the Group adjusted and responded swiftly to the pressures of the pandemic by, for example, re-engineering its activities to a hybrid remote operating model and revisiting portfolio priorities to mitigate client challenges. Throughout the crisis, the Group's raring call was to drive sustainability beyond the crisis, adopt risk management strategies to maintain institutional resilience and to uncovered new opportunities for growth using key impact initiatives.

As a global and regional creator of value, the Group saw an opportune moment to enhance and interrogate its risk models and systems to handle matters of efficiency and productivity. The necessity to maintain resilience across its operations and grow its portfolio was consciously balanced by the value mix between risk management and provision of sustainable interventions to Member States. Accordingly, despite the pandemic challenges, most of the Group's products and services were rejuvenated and innovated to focus on client resilience and survival, and to further ensure that client operations remained financially viable and ultimately aligned to post pandemic recovery. Overall, the relatively smooth transition to the Group's new hybrid virtual operating model was evidence of operational resilience and ensured sustainability across operations going forward.

The strategic trust within the Group, has seen the institution leverage its financing interventions to fight negative impacts of climate change, and to further enhance regional environmental and social awareness to matters of global concerns. As a Group, we have a vantage point to address structural vulnerabilities and position ourselves to enhance regional sustainable long-term growth. Strategically to achieve this, there is a deliberate effort to building new partnerships and mobilizing additional financial resources that support the medium-to-long-term transition of its Member States to low carbon economies. At the same time, the Group continues to enhance the policies and systems, introduced over the last several years, that incorporate ESG and climate aspects in all credit processes throughout the project lifecycle reflecting our commitment to sustainable and meaningful development impact towards clients, communities, employees, investors, partners, and shareholders.

At the UN COP 26 Climate Summit in Glasgow, there was consensus among participants on the adoption of the Glasgow Climate Pact which builds upon targets set out in the Paris Agreement. To this end, commitments were made in wide-ranging areas among them are the methane pledge, financial sector commitment towards increased adaptation finance, deforestation pledge, transportation - transition to zero-emission vehicles, coal pledge – scaling down coal and funding to tackle gender inequality. TDB had already begun the transition journey towards green and clean projects in line with the UN COP 26 pledges. The Group is continuously realigning its portfolio, strengthening ESG & Climate related systems, staff training programmes to increase awareness of climate-related risks, and bringing on board new skills.

JOY NTARE
TDB DEPUTY GROUP MANAGING DIRECTOR
AND CHIEF RISK OFFICER

MESSAGE FROM THE EXECUTIVE MANAGEMENT TEAM (CONT'D)

Photo credits: TDB

Over the years, TDB Group has continued to embrace value-based sustainability practices aware of the strict regimes of sustainability regulations which are emerging on multiple fronts globally. Indeed, fundamental to TDB's regional sustainability agenda, is the understanding that regulatory focus and approaches vary significantly across the globe and the region and may differ substantially when viewed at the country level. Furthermore, these variations are making the fast-changing regional sustainability regulatory landscape more complex to navigate, hence, to some extent enhancing TDB's relevance in gradually chaperoning, adopting and defining regional sustainability and environmental, social, and governance (ESG) goals within its core mandate of advancing sustainable regional growth and integration in the sub-Saharan region.

TDB is aware that in the current landscape dominated by ESG concerns and digital disruptions, rewards often flow disproportionately to first movers or to those institutions that are at the forefront of embracing sustainability as a value driver. For TDB, in order to deliver value to its shareholders, it has continued to focus on financing clean energy initiatives that align with the reduction in the regional carbon footprint while generating minimal environmental impact. In 2021, the Bank remained committed to promoting economically sustainable opportunities and ventures, including sustainable financing of agribusinesses, which constitute the economic backbone for most of the Bank's Member States.

In addition, the Bank has embraced the view that technology-enabled sustainability is not only a business opportunity but a necessity for regional economic growth.

In 2021, sustainability continued to evolve as a critical value driver at TDB. Despite the COVID-19 pandemic, the Bank stepped up its agenda of emphasizing sustainability and development impact as essential components of its client business model. This report outlines, among others, the sustainability and development impact milestones achieved based on the Bank's interventions across its Member States. TDB worked with its funders to develop sustainable and innovative financial solutions targeting project, infrastructure, and trade finance activities that seek to address the most prominent global challenges, namely climate change, environmental degradation, and poverty alleviation.

In order to effectively achieve its sustainability objectives, TDB's legal and regulatory frameworks are designed to ensure that ESG is properly aligned to global best practices and appropriately embedded in the legal documentation of transactions undertaken by the Bank.

DAVID BAMLANGO
TDB GROUP DEPUTY MANAGING DIRECTOR AND GENERAL COUNSEL


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TDB'S SUSTAINABILITY AND DEVELOPMENT IMPACT REPORT 20121: SUMMARY

INPUTS

USD 6.1 billion
THE BANKS LOAN PORTFOLIO IN 2021

203
PROFESSIONAL AND GENERAL EMPLOYEES

ACTIVITIES AND OUTPUTS

USD 4 BILLION IN TRADE FINANCING IN 2021

USD 2.1 BILLION IN PROJECT AND INFRASTRUCTURE FINANCING IN 2021

OUTCOMES

Supply chains, trade and infrastructure

- USD 1.25 billion loans financed

The social impact of financial inclusion

- USD 1.1 billion loans financed

Climate change and food security

- USD 1.3 billion to agriculture and energy production

Case study analysis

Supply chains, trade and infrastructure:

- Increased freight and passenger capacity for global, regional, and domestic destinations in Kenya, Ethiopia and Rwanda
- Support for the increase of export capacity through financing strategic sectors such as agriculture in Burundi

The social impact of financial inclusion:

- Financing of a cement producing facility in Zimbabwe
- Financing of a specialized medical facility in Madagascar
- Facilitating financial inclusion among women in Burundi

Climate change and food security:

- Reduction of greenhouse gas production by 2.500 tones in Kenya 61.8GWh clean energy generation in Tanzania
- Facilitating groundnut farming in Malawi that will bring a forecasted USD 49 million over the next 5 years

IMPACT

AWARDS RECEIVED IN 2021

Best Bank Award 2021 – Global Finance

Financial Afrik

African Banker Awards 2021

GTR Leaders in Trade Africa

GTR 2021 Best Deals

01. INTRODUCTION

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The Eastern and Southern African Trade and Development Bank (TDB) is a multilateral, treaty-based, investment-grade development finance institution with forty-one sovereign and institutional shareholders.

At TDB, we serve twenty-two economies 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).

Our mandate is to finance and foster trade, socio-economic development, and regional economic integration through trade finance, project and infrastructure finance, funds management, and business advisory services. We actively pursue a developmental mandate and align ourselves with the global sustainability and development impact agenda.

Our strategic focus is aligned to the 17 Sustainable Development Goals (SDGs) of the United Nations, the Paris Agreement, and the African Union's Agenda 2063. This annual Sustainability and Development Impact Report aims to describe TDB's approach to sustainable development impact measurement and management, as well as to showcase the progress achieved by the Bank during the reporting period.

The first report was published in **2019.** At that time, 50% of our portfolio was made up of loans for projects and transactions that made a contribution to the achievement of the SDGs.

In **2020**, the report, which was titled "Partnership and leadership to build forward better", was future-focused. In that report, we provided a detailed description of our Sustainable Development Impact Monitoring System (SDIMS), including our Theory of Change and the relevant metrics corresponding to six key development outcome areas. The 2020 Report considered the internal and external drivers for our impact, reported on the impact metrics for the first time, and identified partnerships and leadership as essential enabling themes.

This 2021 Report builds on the previous reports and represents the third iteration of our impact reporting approach. This year, our focus is to showcase the Bank's impact in three core thematic areas: (i) supply chains, trade, and infrastructure; (ii) the social impacts of financial inclusion; and (iii) climate change and food security. This report represents progress for us as we pursue our implementation of the SDIMS and improve our approach to data collection, impact measurement, and reporting. It forms one part of the reporting outputs that are described in the Sustainability Framework and should be read in conjunction with the other annual reporting outputs.

"TDB will ensure that sustainable development impact considerations are at the forefront of our decision-making."

- Trade & Development Bank, Sustainable Development Impact Monitoring Policy Statement

02. OUR APPROACH TO IMPACT

Photo credits: Adobe Stock

2.1 CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT AGENDA

For organisations that aim to have an impact on the sustainable development agenda, an integrated approach, which seeks to promote economic, social, and environmental development, is required. At TDB, this approach is driven through our Charter, Mission, Vision, and Corporate Plan, as well as through internal policies and systems. We aim to provide finance and to foster trade, regional economic integration, and sustainable development through trade finance, project and infrastructure finance, asset management, and advisory services. Embedded in this is the requirement that sustainability be incorporated into our decision-making processes.

Africa's prosperity is linked to the ability to advance sustainable development in the region and TDB identifies itself as one of the enablers of the achievement of internationally accepted development goals. This sustainability imperative for both public and private agents is articulated in the United Nations' SDGs, the Paris Agreement on Climate Change, and the African Union's Agenda 2063 and is reflected in TDB's Mission and Vision, within which we articulate our focus on advancing the economic development, integration, and prosperity of our Member States.

Development finance institutions (DFIs) have a key role to play in supporting economic growth and job creation through the mobilisation of finance in developing countries.[1] As a DFI, we are therefore in a position to facilitate progress towards the SDGs in our Member States. Indeed, the Bank's strategy is to: (i) support Member States in progressing towards the SDGs; (ii) support the implementation of the Paris Agreement and Nationally Determined Contributions (NDCs); and (iii) contribute towards creating the "Africa we want," as defined in Agenda 2063. **Within the above context, we operate with two key intentions, namely to:**

1. **Generate positive financial returns; and**
2. **Create sustainable development impact.**

1 ODI and EDFI. (2019). Impact of development finance institutions on sustainable development. [Online]. Available at: https://cdn.odi.org/media/documents/12892.pdf.

AFRICAN UNION'S AGENDA 2063

Agenda 2063 is the African continent's strategic framework for inclusive and sustainable development. The Agenda supports the Pan-African vision of "an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the international arena."

We seek to, directly and indirectly, drive progress towards the aspirations for the *"Africa we want."* This includes building a prosperous Africa based on inclusive growth and sustainable development, and facilitating an integrated continent based on the ideals of Pan-Africanism.[2]

PARIS AGREEMENT ON CLIMATE CHANGE

Parties to the United Nations Framework Convention on Climate Change (UNFCCC) reached a legally binding international treaty on climate change, called the Paris Agreement, to combat climate change and adapt to its effects with enhanced financial and technical support for developing countries.

Our Member States have pledged their commitment to a transition to a just and low-carbon future and to building resilience to a changing climate through adaptation. To be able to address the challenges presented by climate change, financing institutions need to enable this transition.

As a financier of renewable energy and technology, we help to provide resources to Member States in support of the Paris Agreement[3]. Further, as a financier in some emission-heavy industries and of products such as fertilisers, oil, and gas, we will continue to make efforts to understand the positive and negative impacts of our portfolio and include the implicit trade-offs as part of related decision-making processes.

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The United Nations-led global Agenda 2030 and accompanying SDGs are a set of universal goals to be attained through international cooperation. They address urgent global environmental, political, and economic challenges, focusing particularly on developing countries.

We assist our Member States with their contribution towards meeting SDG targets. When mapped against the specific targets for each SDG, the Bank's activities aim to support the advancement of 12 SDGs, either directly or indirectly. Further information in this regard is included below in this document.

HOW WE CONTRIBUTE TO THE SDGs

SDG 1: No poverty

- At TDB, we provide corporate loans, lending for SMEs, and infrastructure financing that, among other outcomes, can increase employment, raise incomes, and facilitate better social amenities, all of which play a role in reducing poverty.

SDG 2: Zero hunger

- Our financing supports agricultural imports and inputs for domestic agricultural production, which can increase food security in Member States.
- Direct financing in the agricultural sector enables our clients to increase their agricultural productivity
- Export development programmes supported by our financing help to provide technical assistance and develop value chains, and have a positive impact on small producers.

2 TDB. (2019). Sustainable Development Impact Monitoring System. [Online]. Available at: https://www.tdbgroup.org/wp-content/uploads/2021/01/TDB-Sustainable-Development-Impact-Monitoring-System.pdf.

3 Ibid

SDG 3: Good health and wellbeing

- We promote the attainment of good health and wellbeing through our various renewable energy related facilities, improving air quality and general living conditions for people across the continent.

- Access to food is imperative for good health and wellbeing, and reducing food scarcity is another way in which our facilities promote the attainment of this goal.
- For example, in 2021, we donated medical equipment and personal protective equipment (PPE) to Mauritius, Sudan, and the Seychelles in support of their COVID-19 emergency response and pandemic relief programmes.

SDG 4: Quality education

- We provide support to public enterprises that deliver critical educational infrastructure and commodities.

SDG 5: Gender equality

- We consider the demographics of all of the companies for which we provide facilities and especially aim to finance projects that are women-led or that facilitate empowerment for female workers.

SDG 7: Affordable and clean energy

- We finance energy infrastructure and have a targeted focus on renewable energy.

- Through our ongoing efforts to improve data collection and develop a deeper understanding of our traditional energy portfolio's impact, we seek to enable a just transition to renewable energy, as per the Paris Agreement.

SDG 8: Decent work and economic growth

- Our financing helps to generate both temporary and permanent employment in larger enterprises, SMEs, and import and export companies.

- It also helps to generate employment in infrastructure construction and operation in our Member States.
- Our Environmental and Social Monitoring System (ESMS) helps to ensure that enterprises supported by the Bank do not engage in negative practices and provide safeguarding policies for decent work opportunities.
- We strengthen the capacity of domestic financial institutions by providing lines of credit for on-lending to enterprises that may otherwise not be able to access financing directly, particularly to SMEs.

SDG 9: Industry, innovation, and infrastructure

- We finance regional and transborder infrastructure that supports ICT, energy, transportation, and other high socioeconomic impact sectors within our African Member States.

- We also enable increased access to financial services for small-scale industrial enterprises and enterprises operating in other sectors.

SDG 10: Reduced inequalities

- Through our membership and partners, we are able to attract external capital for financing in African countries. This encourages financial flows and foreign direct investment into our Member States.

SDG 12: Responsible consumption and production

- Through our ESMS policy, we ensure that our financing causes minimal environmental damage and that potential impacts are mitigated.

- We also support the Paris Agreement's just transition imperative and aim to consider the social, economic, and environmental impacts and trade-offs implicit in our services through our Theory of Change and SDIMS tools. We will continue to enhance these tools and our internal approaches in order to better understand and address our impact in the region.

SDG 13: Climate action

- In order to address the climate change crisis, we prioritise climate action through our different facilities, contributing to our continual alignment with the Paris Agreement and the UNFCCC.

- Through both sustainable energy and improved agricultural practices, we aim to promote climate action, reduce greenhouse gas production, and create more sustainable and resilient agricultural supply chains.

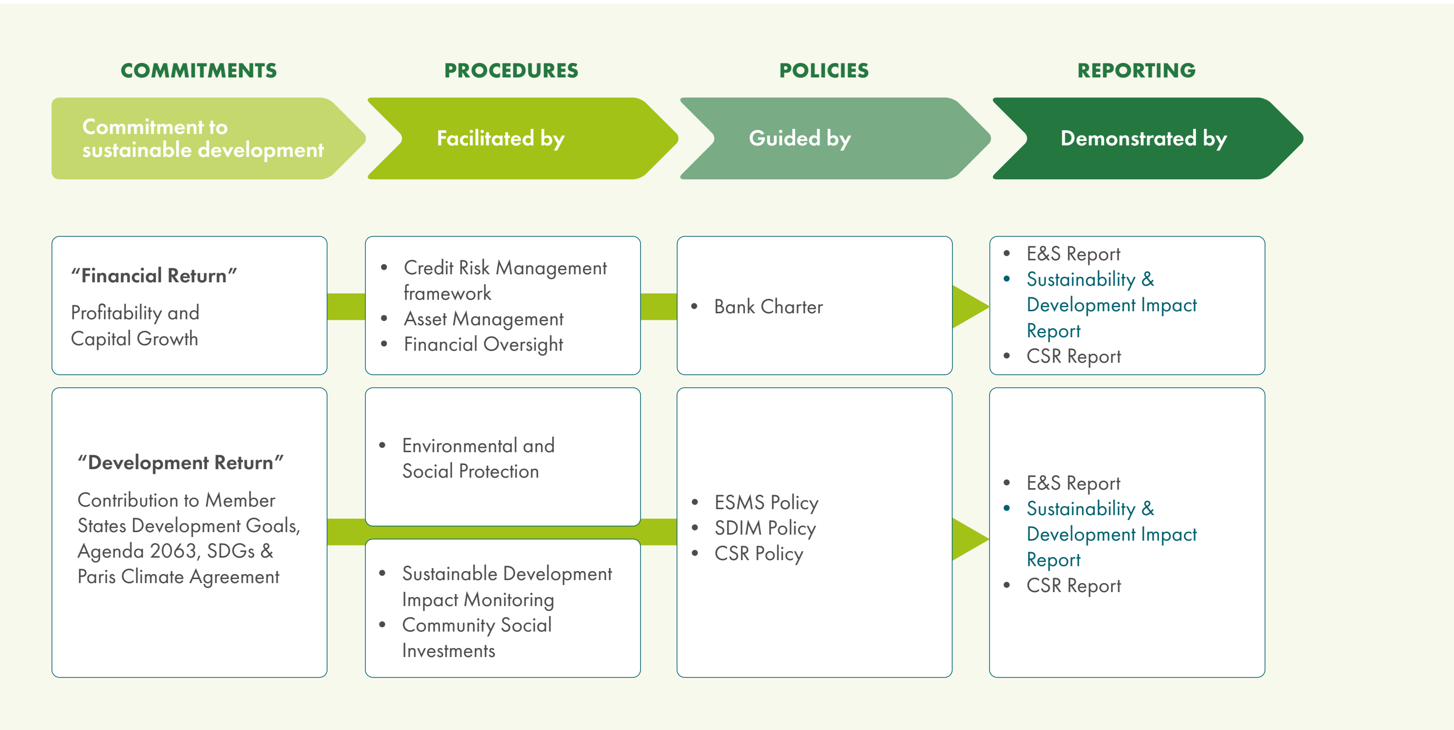
SDG 17: Partnerships for the goals

- We engage with a wide range of international partners to provide financial and non-financial services in support of the sustainable development of Member States.
- By mobilising external DFI capital, syndication, equity investments, and special funds management, we are able to mobilise financial resources for Member States.

Our priority **sectors for financing are agriculture and agribusiness, energy (specifically renewable energy), manufacturing, and infrastructure.** This aligns with our focus on increasing employment through decent work to reduce poverty, improve nutrition and education infrastructure, and increase access to clean renewable energy. In addition, our Project and Infrastructure Finance and Trade Finance transactions include both SMEs and large corporates to enable the Bank to increase its societal impact.

To facilitate the operationalisation of our commitment to the global sustainability agenda, we have developed a comprehensive Sustainability Framework, which is integrated into the bank-wide enterprise risk management system (ERMS). The framework articulates our sustainability commitments, policies, and procedures. The Bank's commitment to dual financial and developmental return is guided by our sustainable development impact management policy, environmental and social monitoring policy, and corporate social responsibility policy. This is facilitated by our processes, including our SDIMS, the environmental and social safeguards and monitoring system, and community social investments.

Figure 1: Factors influencing our reporting

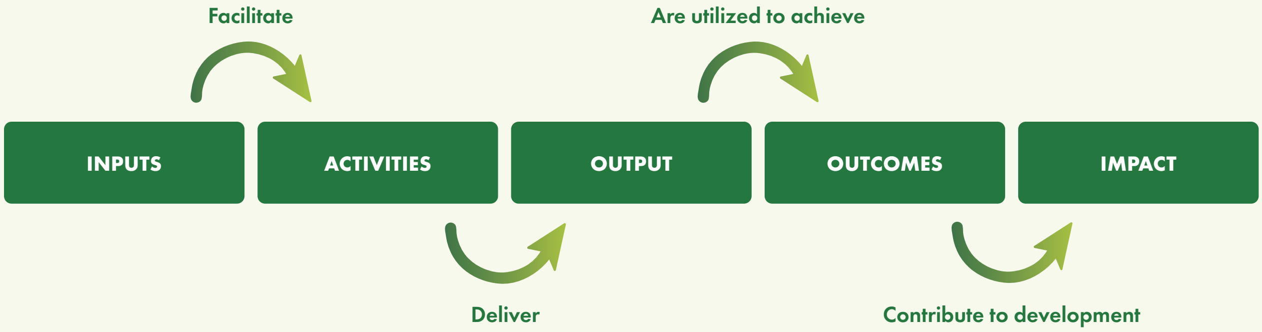


Sustainability and impact reporting is essential to understanding the impact we have and to ensuring that progress is being made against our objectives. At TDB, we seek to make a balanced assessment of our contribution toward sustainable development by understanding both the positive and negative impacts of our operations and by harnessing opportunities to maximise net positive impacts. We also understand that the implementation of our Sustainability Framework is an ongoing commitment. Our Theory of Change underpins this commitment and defines our impact focus areas.

2.2 TDB'S THEORY OF CHANGE

In order to ensure the alignment of our operations and activities with the SDGs, the Paris Agreement, and the African Union's Agenda 2063, we have developed a Theory of Change that reflects how we aim to deliver impact. The Theory of Change provides a logical flow between what we do and how this results in developmental impact. This is represented as an impact pathway or value chain, whereby our inputs of financial capital and human resources facilitate activities such as loan origination, which provide outputs such as project and trade finance. These outputs, in turn, drive outcomes that contribute to sustainable development and, ultimately, to our impact. The Theory of Change provides the basis for our impact measurement and management and is informed by the Sustainable Development Impact Monitoring Policy.

Figure 2: TDB's Theory of Change



Inputs: Capital and human resources.

Activities: Loan origination, ERM, Credit Risk Management, Portfolio Management, and Syndications and Trade and Development Fund.

Outputs: Corporate loans, loan guarantees, infrastructure loans, sovereign loans, lending for SMEs, and trade finance.

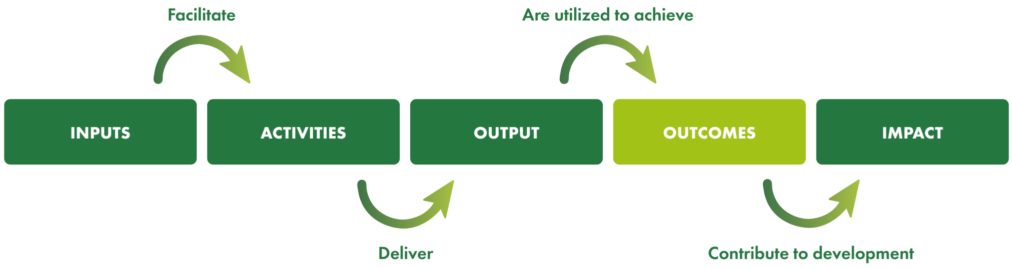
Outcomes: Improved access to finance, enhanced business performance, increased employment, improved strategic sector performance, increased intra- and extra-regional trade, and increased access to social and economic infrastructure.

Impact: Agenda 2063, the SDGs, and the Paris Agreement.

TDB'S DEVELOPMENT OUTCOMES AND IMPACT

In line with our Theory of Change, we have identified **six development outcomes** that enable us to demonstrate our contribution towards the three global agreements mentioned and, ultimately, to illustrate the strategic direction of the impact we have.

These outcomes are reflected in our SDIMS and help drive internal decision-making. They represent our intended developmental outcomes and provide a logical connection between what we do as a bank and why we do it. In addition, they serve to ensure that all transactions are considered within the context of their intended impact. A more detailed description of these six development outcomes and their link to the SDGs is given below.



OUTCOME 1: IMPROVED ACCESS TO FINANCE

- For corporates, we provide financing that may not otherwise be available to them through commercial banks or not available on terms (tenors) and conditions that meet their needs.
- Our loan guarantees increase the capacity of financial institutions in Member States to provide access to finance to companies whose risk profiles may be higher than commercial banks are willing to fund. This allows more first-time SME borrowers to access finance. SMEs with a good record of accomplishment may be able to access multiple loans to grow their businesses over time.
- By operating as lead arranger or as a party to a syndicated loan, we contribute to the structuring and financing of large loans, thereby facilitating the execution of large-scale infrastructure projects. The development impact of large projects in sectors such as ICT, energy, and transportation can be significant in terms of employment generated, tax revenues received, or the number of users or customers reached.
- By operating as the initial mandated lead arranger or as a syndicate partner in large sovereign loans, we allow for countries to refinance short-term commercial debt by arranging loans with a longer tenor. This creates fiscal space within national budgets for investment in infrastructure or for reducing interest payments.

OUTCOME 2: IMPROVED CORPORATE PERFORMANCE

- Loans to large corporates and support for SMEs can increase productivity, sales, exports, and profits. In turn, new and expanding businesses are typically able to generate decent jobs.
- Financing for green technology in areas such as energy efficiency, waste reduction, reuse and recycling, and the reduction of greenhouse gases (GHG) and other pollutants helps to improve the environmental performance of enterprises.
- Improved private sector performance can also contribute to higher GDP growth.

OUTCOME 3: INCREASED EMPLOYMENT

- Fiinancing for infrastructure and corporations - and to build export markets - can help to generate temporary jobs during construction and permanent jobs in business operations.
- Financing SMEs and sectors with extensive value chains can have a positive impact on employment and the livelihoods of small producers.
- Increased employment can reduce poverty levels and contribute to higher GDP and payroll tax revenues.

OUTCOME 4: INCREASED ACCESS TO SOCIAL AND ECONOMIC INFRASTRUCTURE

- Infrastructure financing can help to expand overall infrastructure and reduce transportation costs, which improves private sector productivity, energy security, ease of movement, and regional integration.
- Financing projects in the health and education sectors can facilitate improved outcomes in these sectors, which can contribute to reducing poverty.

OUTCOME 5: IMPROVED STRATEGIC SECTOR PERFORMANCE

- Trade finance can ensure that strategic sectors within the economy have the adequate and reliable inputs necessary to increase their efficiency and productivity.
- High-value exports can make significant contributions to economic growth and foreign exchange reserves.

- Key financing in strategic sectors such as transportation, energy, tourism, agriculture, and construction can generate knock-on effects for the entire economy by providing necessary inputs, developing value chains, and helping to create jobs indirectly.
- Trade facility support for food imports and investments in domestic agriculture can help increase food security and reduce hunger.
- Financing of energy projects, particularly clean energy projects, increases national energy security while minimising the increase in GHGs.

OUTCOME 6: INCREASED INTRA- AND EXTRA-REGIONAL TRADE

- Facilitating imports and exports enhances global and regional trade and integration, and can support growth in both GDP and employment.
- Trade finance facilities help Member State exporters to access new markets and new customers.
- ICT and telecommunications infrastructure enhances connectivity within and between countries, improving linkages that can increase trade.
- The development of transport infrastructure and logistics can reduce the cost of moving goods across borders and improve competitiveness in intra-regional trade.
- Aviation plays a fundamental role in the movement of goods and people, not only facilitating trade, but enabling travel for leisure and business purposes.
- Investments in corporations expand production, which can lead to increased exports to Member States and the global market.

Within the context of our impact pathway, these six outcomes are supported by a Sustainable Development Impact Monitoring Policy and an associated system. In this policy we commit to:

"(i) timely collection and analysis of reliable data as guided by impact assessment system; (ii) working in partnership with shareholders, clients, partners, and beneficiaries to identify, analyse, and report on development impact; and (iii) publish annually a Sustainability Report which highlights our sustainable development impact. Impact monitoring is an essential management function that provides a clear basis for strategic planning and decision-making."

Through the implementation of our sustainability framework and the application of the Theory of Change, we have progressively improved on our ability to have an impact in 2021. The following section of this report explores that impact in more detail and showcases the progress we have made.

03. TDBs IMPACT RESULTS

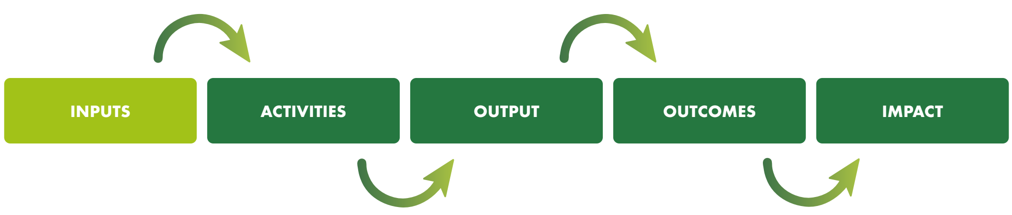
Photo credits: Adobe Stock

In 2021, we applied our SDIMS for the second year, which provided us with the opportunity to report consistent metrics from the previous year and, as our monitoring capacity improves, new metrics as well. Our Theory of Change outlines how inputs and activities translate into outcomes and impact.

The first section of this chapter presents our inputs and the activities that have facilitated outputs. The second part explores the outcomes and impacts through a focus on three core impact themes for 2021.

3.1 TDB'S PORTFOLIO

The provision of both financial and human capital is central to our ability to deliver impact. We saw growth in both areas in 2021.



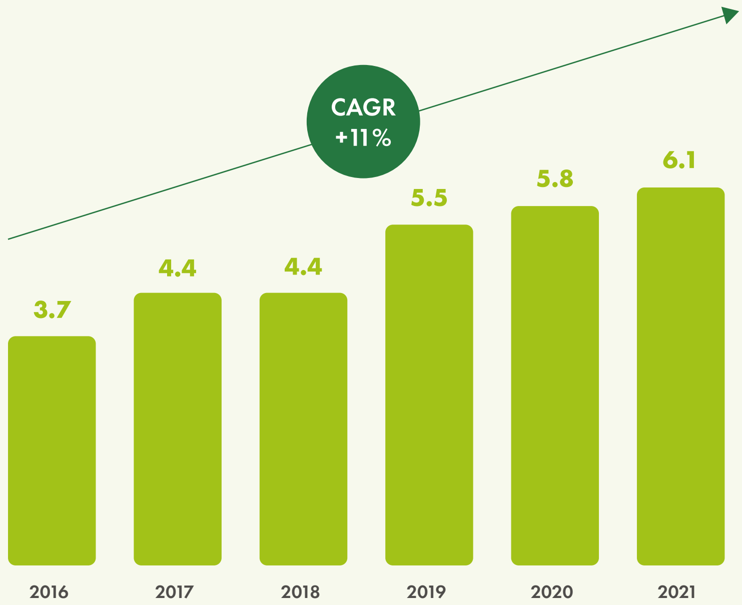
FINANCIAL CAPITAL

Our portfolio has maintained steady year-on-year growth and, in 2021, the total loan portfolio had a value of USD 6.1 billion (2020: USD 5.8 billion), representing a 5% increase compared to the previous period. This increase reflects the GDP growth in Member States as they recover from the COVID-19 pandemic and related global supply chain disruptions. Over the past five years, our portfolio has grown at a compound annual growth rate (CAGR) of 11%, which reflects the Bank's commitment to facilitating an increase in the capital available to Member States. The Bank's total assets increased by 10% to USD 7.9 billion in 2021 (2020: USD 7.2 billion), total equity rose by 11% to USD 1.7 billion (2020: USD 1.5

billion), and net profits increased by 10% to USD 174 million (2020: USD 163 million). This strong financial position is affirmed by the international ratings agencies, with Fitch and GCR revising their outlooks for our operations from 'Stable' to 'Positive' and affirming our investment grade credit ratings. Our credit rating from Moody's also remained unchanged.

Figure 3: Total value of loans, USD billions, 2016-2021

Despite ongoing challenges relating to the COVID-19 pandemic and related supply chain disruptions, TDB has achieved consistent loan portfolio growth since 2016. The Bank's loan portfolio increased to USD 6.1 billion in 2021, a 5% increase from 2020 (USD 5.8 billion).

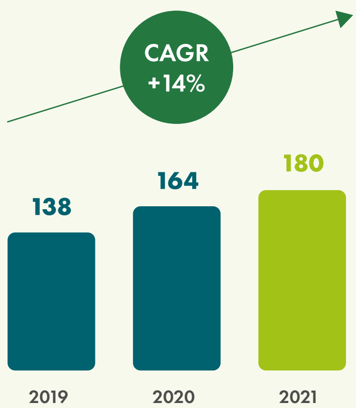


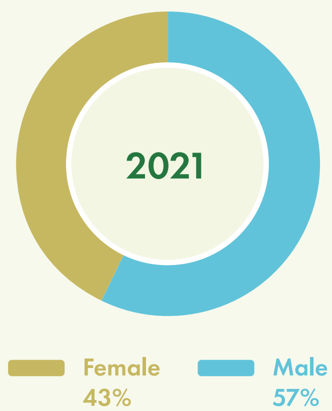
HUMAN CAPITAL

The second input stream on our impact pathway is our human resources. In 2021, we saw a 9.8% growth in our staff complement to 180 employees. Female employees accounted for 43% of the total workforce. The mean annual growth rate (CAGR) from 2019 to 2021 was 14%. Our staff are crucial to enabling and supporting our activities and to servicing our clients. We attract talent through our incentive programmes, which include retirement contributions, schooling for dependents, and medical, training, and reward and recognition schemes. We also reflect the diversity of our membership through our staff profile by employing people from across Member States and we maintain equal opportunity and gender mainstreaming policies.

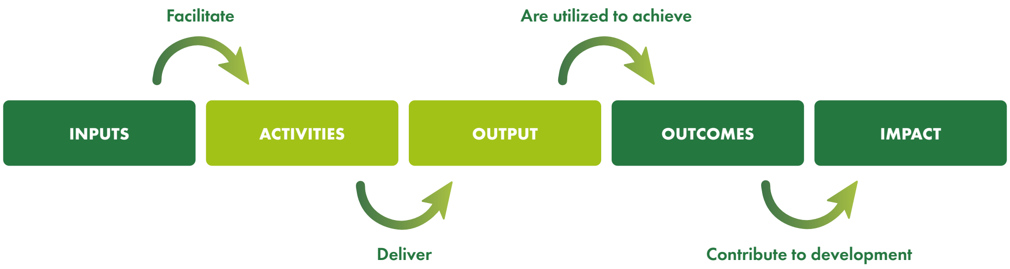
Figure 4: TDB's human capital, 2019 -2021

As at 31 st December 2021, TDB employed 180 professional, sub-professional and general services employees.





Our inputs of financial and human capital enable day-to-day operations, including human resources, administration, legal services, asset management and other internal functions. They also enable activities such as loan origination, enterprise risk management, portfolio management, syndication, and technical assistance. In turn, these activities deliver outputs such as Trade Finance, Project and Infrastructure, and Sovereign Lending and Syndication, all of which drive the impact pathway. We also strive to meet our mandate of delivering both financial returns and developmental impact, and our business and financial products are designed to achieve both objectives.



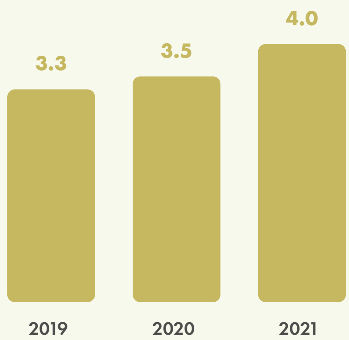
TRADE FINANCE

Trade finance provides vital support for the growth of Member States' economies by promoting import and export activities and by supporting intra- and extra-regional trade, which is in alignment with our mandate and our targeted developmental outcomes. Trade finance offers a short-term finance window, allowing exporters to gain access to new markets, grow their businesses, enhance value chains, and contribute positively to Member States' trade balances as well as the generation of foreign exchange. Strategic imports also contribute to Member States' energy and food security, key areas that underpin economic activity.

Figure 5: Trade Finance loans, USD billions, 2019 -2021

In 2021, our gross trade finance portfolio had a value of USD 4.0 billion (2020: (USD 3.5 billion).

In the reporting period, Trade loans to the value of USD 1.64 billion were approved.

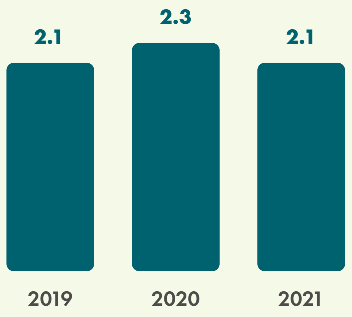


PROJECT AND INFRASTRUCTURE FINANCE (PIF)

We directly finance and co-finance impactful and financially viable infrastructure projects in priority economic sectors through medium- and long-term financing deals. This enables Member States and enterprises within them to increase production and productivity, expand markets, strengthen value chains, and increase exports or import substitution. In addition, we provide lines of credit to financial intermediaries or national development agencies as a means of channelling indirect funding to sub-borrowers who do not qualify for direct funding from us. Most of these are small or medium enterprises (SMEs). We also support viable public and private infrastructure projects developed to support health, education, ICT, transportation, and energy services, which help to create jobs and economic opportunities and to increase access to social and economic services.

Figure 6: Project and Infrastructure Finance, USD billions, 2019 - 2021

In 2021, the Banks' PIF portfolio had a value of USD 2.1 billion (2020: USD 2.3 billion).

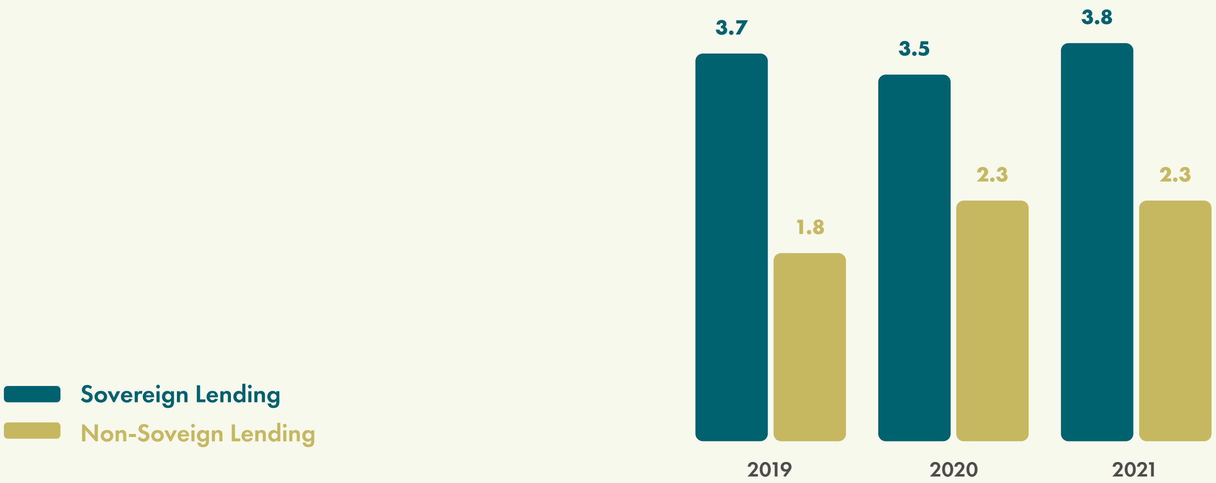


LENDING TO PUBLIC SECTOR DEVELOPMENT PROGRAMMES

Sovereign lending is a key component of our offering and represents a significant added value for Member States.

The sovereign portfolio increased by 7% in 2021 to USD 3.8 billion, representing 62% of our total portfolio. This has enabled Member States to have access to affordable capital for the importation of essential commodities or for infrastructure investments, allowing for accelerated recovery from the pandemic.

Figure 7: Sovereign loans, USD billions, 2019 - 2021



SYNDICATION

Syndication activities are key to our ability to partner with an expanded network of investors and increase access to finance for Member States. This includes establishing partnerships with non-regional and institutional members, either as mandated lead arrangers or as syndicate partners. In 2021, we contributed USD 410 million in syndicated loans; USD 300 million as a participant and USD 110 million as lead arranger.

We have been able to leverage 16 dollars for every dollar invested. We have cumulatively participated in 31 syndicated loans either as the lead or a participant, contributing USD 3.2 billion. As Mandated lead arranger, we contributed USD 2.3 billion with an average leverage ratio of 2.3.

Table 1: Summary of syndicated loans

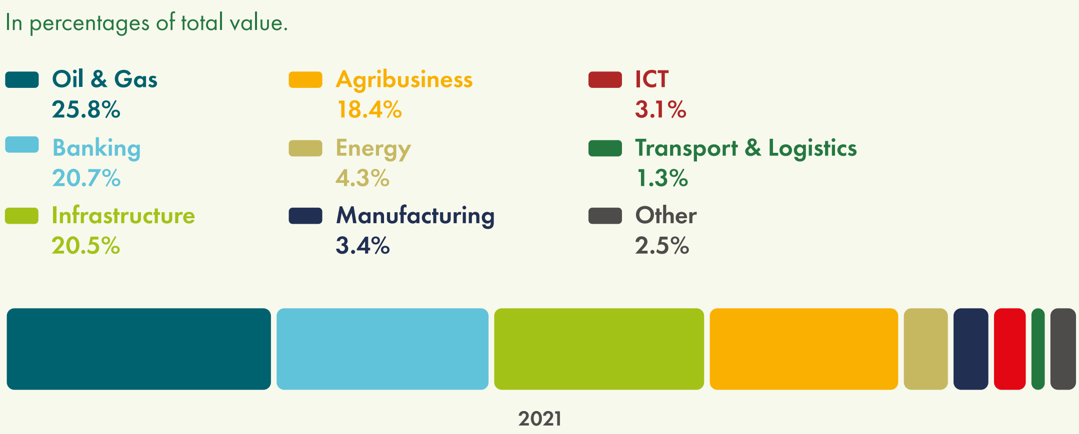
SYNDICATED LOANS			
Total (USD millions)	410	Syndicated loans led or participated in (cumulative)	31
Lead arranger (USD millions)	110	Total contributed by TDB since 2009 (cumulative)	3,219
Participant (USD millions)	300	Total contributed by TDB since 2009 as Mandated Lead Arranger (cumulative)	2,349
Invested by others (USD millions)	1,789	Total crowd in by others since 2009, when TDB is Mandated Lead Arranger	5,497
Leverage ratio 2021	9.7	Leverage ratio	2.3

SECTOR COVERAGE AND CATEGORISATION OF LOANS

In 2021, the key sectors in which we invested included oil and gas (25.8%), infrastructure (20.5%), banking and financial services (20.7%), agribusiness (18.4%), and energy (4.3%).

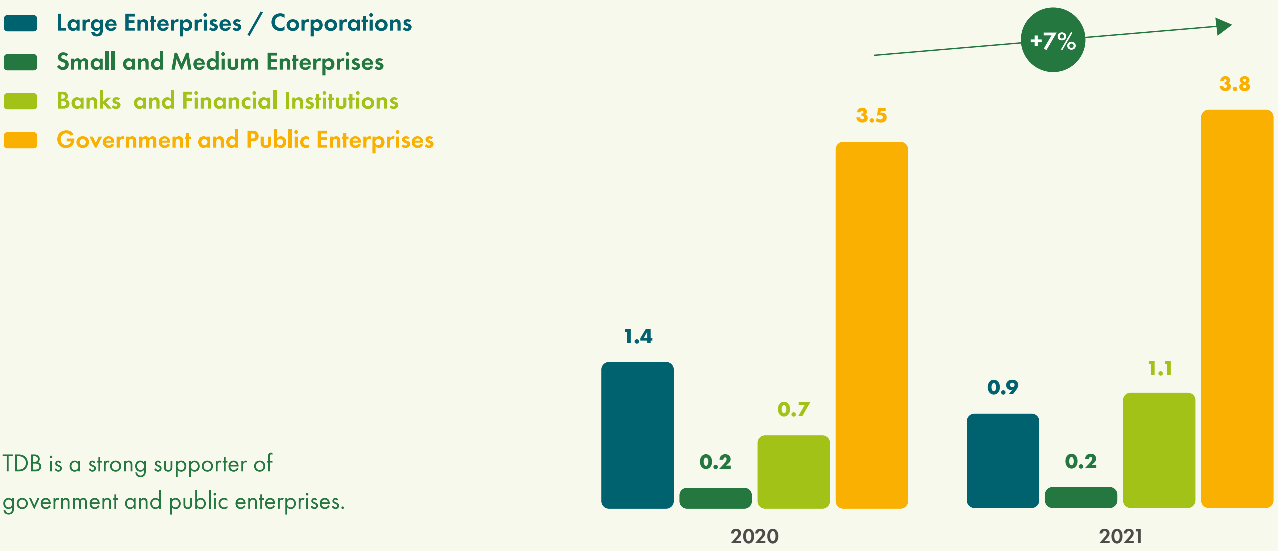
There are sustainability trade-offs implicit in most of these sectors, most notably oil and gas. As a Bank, we consider these explicitly in our Theory of Change, our SDIMS, and our decision-making, and we will continue to support the SDGs and the Paris Agreement's drive for a just energy transition.

Figure 8: Top sectors supported by TDB in 2021



Our portfolio has four categories, with Government and Public Enterprises representing 64% of the total portfolio, followed by Banks and Financial Institutions (18%), Large Enterprises and Corporations (16%), and SMEs (3%).

Figure 9: Value of loans by category, USD billions, 2020-2021



TDB is a strong supporter of government and public enterprises.

In combination with the SDIMS, we also apply environmental and social safeguards through our ESMS. All financing deals are categorised into four environment and social (E&S) categories, representing different levels of risk and impact. Category 1 projects represent high environmental and social risks, and require extensive E&S impact and management studies to be undertaken in line with international best practices. Categories 2 and 3 represent moderate and low risk respectively, with Category 4 representing financing through financial intermediaries that pose no adverse social and/or environmental risks. In 2021, our risk exposure was 79% in Category 3 and Category 4 projects.

Table 2: 2021 Approvals by E&S category

2021 APPROVALS BY E&S CATEGORY	
Category 1	12%
Category 2	8%
Category 3	42%
Category 4	37%

INVESTMENT AND EQUITY FOR IMPACT

At TDB, we have a unique public-private equity capital structure, with sovereign and institutional investors owning Class A and Class B shares, respectively. We preparing to launch Class C shares with the intention of attracting new pools of impact capital to help accelerate our contribution to the SDGs, Agenda 2063, and the Paris Agreement.

Class C shares provide attractive financial returns through annual dividends and potential for capital appreciation, gains and appeal to small-scale investors wishing to achieve strong developmental impact through their investments. Our Class C shares are risk mitigated by their seniority in the unlikely event of liquidation and allow investors to redeem after a five-year maturity period.

FUNDING

The consistent delivery of triple bottom line development impact alongside attractive financial returns has enabled TDB to position itself as a trusted partner to intermediate global and regional capital into the region it serves. In 2021, TDB was able to mobilize well over USD 2.5 billion from multilateral and bilateral banks, commercial banks, and investors from across the globe – through capital market issuances, long and short-term lines of credit, risk-sharing agreements, co-financing arrangements, and export credit financing.

Notable examples include:

- A benchmark 7-year USD 500 million Eurobond oversubscribed 4.5X, TDB's lowest cost ever, with the longest tenor
- An AFD USD 122.5 million health sector facility
- A KfW 15-year USD 100 million infrastructure facility
- A CDC USD 100 million short-term finance facility to support clients affected by COVID-19
- A EIB 12-year EUR 81.5 million fragile context facility
- A FinDev Canada 8-year USD 20 million facility to support trade, strengthen MSMEs, and finance climate action

Table 3: Facilities obtained in 2021

LENDER	AMOUNT (USD MILLION)
MUFG	150
Eurobond	500
AFD	122.5
Eurobond Tap	150
Standard Chartered	200
Global Syndication	500
Samurai Syndication	150
Findev Canada	20
KFW	100
EIB	100

Table 4: MRPAs and co-financing deals executed in 2021

PARTNER	MRPA LIMIT (USD MILLION)
BADEA	150
CDC Group	75
GHIB	15
AfDB Group	200
FAB	131
ADEX	30

AWARDS

In 2021, we were recognised through a number of awards. A selection of these are presented below.

AWARDS RECEIVED IN 2021

Development Banker of the Year

Admassu Tadesse, TDB President Emeritus and Group MD. TDB's President Emeritus and Group Managing Director was awarded Financial Afrik's Development Banker of the Year. The decision was made by a jury and the participation of more than 25,000 Financial Afrik and Kapital Afrik readers.

Infrastructure Deal of the Year

TDB won this award jointly with Standard Chartered Bank and Nedbank for its contribution as part of the DFI tranche to Tanzania's Standard Gauge Railway Loan Facility.

Best Trade Finance Bank in Ethiopia 2021

TDB won this award for the second year in a row. It is a tribute to the Bank's far-reaching bespoke trade finance solutions, which have enabled Ethiopia to enhance its productivity levels in agriculture, support employment, ensure food security, and more

Leaders in Trade for Resilience

This award was made in recognition of the TDB Group's innovative approach to supporting trade in emerging economies, specifically in the context of the pandemic. The Group was the only winner globally in the development finance category for resilience.

Best Deal of the Year (Commodities Category)

This award – one of eleven winning best deals globally – was made in recognition of TDB's support for access to pre-export finance for one of Madagascar's main vanilla exporters, Épices de Madagascar, a woman-owned fair-trade business.

Outstanding Leadership in Sustainable Finance by a Multilateral Institution for the Africa Region

This award was made in recognition of TDB's "global and regional leadership in sustainable finance for initiatives designed to mitigate the negative impacts of climate change and help build a more sustainable future for humanity."

Top Innovations in Trade Finance

This award, one of only ten made in this category globally, was made to acknowledge TDB's relentless drive to stay at the forefront of innovation, specifically relating to its pioneering role on the continent in executing trade finance transactions using blockchain technology.

Best Bank in Ethiopia

This accolade was received in recognition of TDB's role in growth and mapping a way forward in Ethiopia.

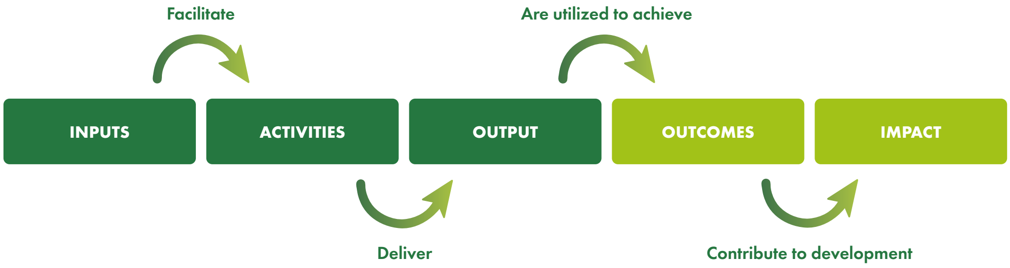
Best Trade Finance Bank in Mauritius

The TDB office in Mauritius is one of the bank's principal offices and this award celebrates the impact of its trade finance activities in the region it serves. More specifically, the awards was made to those institutions that "responded to the unprecedented landscape of 2020 with new technologies and improved capabilities that helped their clients succeed".

Best Trade Finance Bank in Kenya

The TDB office in Kenya is the Bank's regional office and operational hub. This award celebrates the impact of its trade finance activities in the region it serves and, more specifically, was made to those institutions that "responded to the unprecedented landscape of 2020 with new technologies and improved capabilities that helped their clients succeed".

3.2 TDB'S IMPACT THEMES FOR 2021

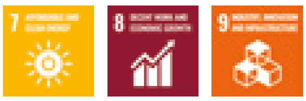


Having explored our inputs, activities, and outputs, we now move on to outcomes and impact. As we build the capacity to fully implement our SDIMS in order to capture and analyse data, we aim to reflect a balanced and pragmatic approach in our impact reporting. Therefore, while providing information for the portfolio, it is also helpful to provide illustrative examples of development impact in relation to our six intended outcomes. In 2020, our main theme was assisting Member States and clients to 'build forward better' through partnerships and leadership in response to the global pandemic. In 2021, we developed this concept further by exploring how our efforts to build forward better are resulting in impact in the following three themes:

3. **Supply chains, trade, and infrastructure;**
4. **The social impacts of financial inclusion; and**
5. **Climate change and food security.**

As the global community continues to feel the impact of COVID-19, there remains significant pressure on global supply chains and project finance for infrastructure. There has also been a rise in protectionism and a range of challenges related to food security and climate change. These three themes reflect the global discourse in 2021 and it is important for us to consider them in relation to our intended development outcomes and, ultimately, our impact.

IMPACT THEME 1: SUPPLY CHAINS, TRADE, AND INFRASTRUCTURE



The importance of resilient supply chains and regional trade were made ever more apparent after the supply chain disruptions and trade difficulties brought about by COVD-19. Trade plays an important role in economic development by allowing for market expansion, stimulating domestic economies, and strengthening intra-regional trade relationships.

Through our trade financing activities, we have helped grow African economies, create jobs, and improve local industries. Trade facilities have also helped provide and move strategic commodities, including agricultural inputs and products such as fertilizers, sugar, wheat, and fuel. These contribute to much-needed energy and food security.

These benefits are further enhanced by the development and funding of appropriate infrastructure, which improves supply chains and facilities trade within and between countries.

Infrastructure development is a well-established driver of economic growth and development.[4] It has a positive effect on the marginal productivity of private and public capital investment and can reduce the cost of production, resulting in a positive impact on profitability, output levels, income, and employment, particularly for SMEs. Infrastructure development plays a key role in the SDG agenda, including through potential positive spill-over impact on most SDGs, because economic and social sectors typically require good infrastructure for development.[5]

Some of the most notable benefits of infrastructure development and trade financing for emerging markets include:

- Industrial development through effective supply chains;
- Enhanced trade activity; and
- Improved standards of living.

4 The World Bank. (1994). World Development Report 1994. [Online]. Available at: https://documents1.worldbank.org/curated/en/535851468336642118/pdf/131840REPLACEMENT0WDR01994.pdf.

5 Xiao. Y, D'Angelo. D, Nghiã-Piotr. T. (2020). Well Spent: How Strong Infrastructure Governance Can End Waste in Public Investment. International Monetary Fund. Chapter 4 Infrastructure Investment and the Sustainable Development Goals.

Southern and Eastern African growth is dependent on widespread infrastructure development and improved supply chains and this will require large-scale financing, which will not be met through public sources alone. The African Development Bank reports that Africa's infrastructure needs amount to USD 130-170 billion a year, with a financing gap in the range of USD 68-108 billion.[6] While the trade financing gap in Africa averaged around USD 91 billion prior to the pandemic.[7] We help to promote infrastructure and supply chain development through direct financing in projects that facilitate this. This direct financing in infrastructure and targeted trade financing assist developing countries in enhancing their supply chains and trade.

During 2021, we signed a number of Memorandums of Understanding (MoUs) to facilitate extra-regional trade and investments between international organisations and certain Member States. These MoUs facilitate the promotion of economic development and trade in Africa, export opportunities, and financing of specific activities. Some notable MoUs include with the Nordic Investment Bank (NIB), the Islamic Corporation for the Development of the Private Sector (ICD), Fonds Souverain de Djibouti SA (FSD), the African Legal Support Facility (ALSF), Nippon Export and Investment Insurance (NEXI) in Japan, Bpifrance in France, United Nations Capital Development Fund (UNCDF) and Trademark East Africa (TMEA).

Figure 10: Infrastructure portion of TDB's total financing in 2021

Infrastructure Investment

In 2021, **35%** of our total lending exposure was in infrastructure development in Southern and Eastern Africa. This amounted to USD 2.1 billion.

In addition, our infrastructure lending has contributed cumulatively to over 8,300 jobs in the sector.

Our trade financing operations saw a 16% increase during 2021 growing to a cumulative USD 4.0 billion. Which helped improve productivity, output, and income gains, and after being the first DFI to complete a live end-to-end trade finance transaction using blockchain in 2019, we have so far executed USD 600 million in trade finance via blockchain.

Our financial reports show that the total value of **first-time borrowers in the ICT and energy sectors** was USD 215 million and USD 329 million respectively, indicating the impact in those sectors through our committed effort in improving trade, supply chains and infrastructure. The case studies below provide examples of how our financing contributes to developmental impacts.

Case study 1 provides an example of how our financing has facilitated trade activity in the African region. Appropriate infrastructure aids in the expansion of trade - not just within a country, but also internationally - by upgrading transportation facilities.[8] The aviation industry is a particularly important vector of economic growth because the transportation of people and merchandise drives tourism, makes it possible to establish and grow businesses, and is a critical link in supply chain logistics, especially for landlocked countries.[9]

6 African Development Bank. (2018). African Economic Outlook 2018. Chapter 3: Africa's Infrastructure: Great Potential but little Impact on Inclusive Growth. [Online]. Available at: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/2018AEO/African_Economic_Outlook_2018_-_EN_Chapter3.pdf.

7 AfDB and the African Export-Import Bank (Afrexim). (2020). Trade Finance in Africa: Trends Over the Past Decade and Opportunities Ahead - Policy Research Document 3. [Online]. Available: https://www.afdb.org/en/documents/trade-finance-africa-trends-over-past-decade-and-opportunities-ahead.

8 Foster.V, Lebrand. M. (2022). How does infrastructure investment promote economic development in fragile regions of Africa? World Bank Blogs. [Online]. Available at:https://blogs.worldbank.org/ppps/how-does-infrastructure-investment-promote-economic-development-fragile-regions-africa.

9 World Bank (no date provided) Air Transport [Online]. Available at: https://www.worldbank.org/en/topic/transport/brief/airtransport

Photo credits: Adobe Stock

CASE STUDY 1:

YEAR OF THE PROJECT

Various facilities since 2010

FINANCING AMOUNT

USD 500 million across multiple facilities

COUNTRY

Rwanda, Kenya, and Ethiopia

TENOR (YEARS)

- RwandAir: 6 years
- Kenya Airways: 10 years
- Ethiopian Airlines: 5 years

DESCRIPTION

Since 2010, we have provided multiple facilities to three African airlines:

1. **RwandAir** is an up-and-coming East African airline, which continues to consolidate its market share by steadily introducing new, profitable routes. With a woman-led executive team (half of which is composed of women), RwandAir employs close to 1,400 people and has a fleet of 12 aircraft which serve 29 international and 3 domestic destinations.
2. **Kenya Airways**, a SkyTeam member, is one of Africa's top airlines, serving 54 destinations worldwide, including 41 in Africa. Kenya Airways employs close to 4,800 staff.
3. **Ethiopian Airlines** is Africa's largest airline. Serving 137 international and 21 domestic destinations, this Star Alliance member runs a hub-and-spoke model from its main hub and has a 9% share of total seat capacity in the African market. With its 14,000 employees, it operates a fleet of over 126 passenger and cargo aircraft and has a further 47 aircraft on order.

The financing we provided facilitated expansion of the fleets, routes, and a number of destinations for these airlines, ultimately helping to improve their countries' regional (and global) connectivity. Together with supporting employment and stimulating economic activity in various sectors – including tourism – TDB's funding also helped the airlines to boost intra-regional trade and, as such, supported the roll-out of the African Continental Free Trade Area[10].

As with many infrastructure and related projects, including those concerning transport, there are negative environmental impacts as well as positive impacts. In the case of airlines, these include carbon emissions. It is important to acknowledge these as part of the trade-off required when making decisions around developmental impact and to aim - wherever possible - to accurately measure them and mitigate their negative impact.

10 The African Continental Free Trade Area is a free trade area founded in 2018,

Photo credits: Adobe Stock

FINANCING AFRICAN REGIONAL AIRLINES[11]

RELEVANT SECTORS

- Transport and Logistics
- Tourism and Hospitality
- Trade

SDG ALIGNMENT

IMPACT SUMMARY

- Increased freight and passenger capacity for global, regional, and domestic destinations.
- Enhanced regional and global supply chains.
- Boosted productivity and economic growth for our Member States.
- Supported businesses that employ more than 20,000 people.
- Enhanced intra-regional trade between TDB Member States through the facilitation of the movement of people and goods.
- Supported the tourism sectors of the various Member States in which the airlines operate.
- Enhanced capacity for the distribution of urgently needed healthcare and sanitation supplies across the region and the continent to mitigate the adverse health and socio-economic impact of COVID-19.
- Registered a negative environmental impact due to increased aviation emissions[12].

This case study demonstrates our contribution to the developmental outcomes outlined in our Theory of Change by **(i) increasing access to social and economic infrastructure and (ii) increasing intra and extra-regional trade.** These development outcomes work in conjunction to incentivise greater employment opportunities.

Case study 2 provides a further example of how our financing can enhance trade activity and promote strong supply chains in the African region, in this case with a particular impact on SMEs and the agricultural sector. As the previous case study showed, economies need reliable infrastructure to connect supply chains and efficiently move goods and services across borders.[13] In Africa, SMEs are critical economic players, but they are often geographically dispersed and face significant challenges. Most notably, their ability to produce and grow often depends on access to high-quality, dependable infrastructure and services, which enable them to compete effectively with large-scale enterprises. The following case study provides an example of how financing can help to enable this.

11 Case study information was sourced from TDB management and virtual interviews

12 Transport & Environment (no date provided) Aviation 2030 brief. [online] Available at; https://www.transportenvironment.org/wp-content/uploads/2021/07/Aviation%202030%20briefing.pdf

13 Puentes. R. (2015). Why Infrastructure Matters: Rotten Roads, Bum Economy. Brookings. [Online]. Available at: https://www.brookings.edu/opinions/why-infrastructure-matters-rotten-roads-bum-economy/#:~:text=The%20economy%20needs%20reliable%20infrastructure,transit%20can%20reduce%20greenhouse%20gases

CASE STUDY 2:

YEAR OF THE PROJECT

2020 and 2021

FINANCING AMOUNT

Initial USD 10 million trade finance loan, later increased to USD 15 million

COUNTRY

Burundi

TENOR (YEARS)

- 1 year

DESCRIPTION

The Commercial Bank of Burundi (BANCOBU) is the leading commercial bank in Burundi. It has been in operation for 60 years and has a 30% domestic market share. BANCOBU offers a wide range of financial products and services to retail, commercial, and corporate clients.

In 2021 we provided a USD 15 million revolving pre-export and import facility for the purposes of **lending the funds to SMEs in the form of trade loans for the financing of certain agricultural commodities and other strategic products**. A portion of the funding was allocated as a **trade finance line to be used to finance the import of fertilisers and other identified strategic imports.**

IMPACT SUMMARY

- Supported the increase of Burundi's export capacity through financing strategic sectors such as agriculture.
- Facilitated the financing of SMEs and farmers by enabling BANCOBU to service part of its growing pipeline to support critical exports.
- Supported economic growth and job creation in Burundi as a result of an increase in agricultural exports and the ability of SMEs to expand their businesses (agriculture contributes to over 86% of employment in Burundi).
- Enabled the regional trade of crucial goods to Member States.
- Supported BANCOBU's commitment to improving financial inclusion in Burundi.
- Helped support the economic empowerment of women in Burundi as a result of BANCOBU's strategy to work towards equal employment opportunities for men and women.

Photo credits: Bancobu

SUPPORTING BURUNDI'S EXPORT CAPACITY[14]

RELEVANT SECTORS

- Financial Services
- Trade

SDG ALIGNMENT

- Supported the key tea- and coffee-producing sectors in Burundi, which support farmers and, indirectly, the vast majority of the population. These sectors are also key economic drivers for the country as they are an important source of forex.
- Registered a potential negative environmental impact implicit in the increased use of fertilisers.

This case study demonstrates our contribution to the developmental outcomes outlined in our Theory of Change by **(i) increasing intra and extra-regional trade and (ii) improving strategic sector performance.**

14 Case study information was sourced from TDB management and virtual interviews

CASE STUDY 3:

YEAR OF THE PROJECT

2020

FINANCING AMOUNT

USD 50 million trade loan to ZANACO

COUNTRY

Zambia

TENOR (YEARS)

- 3 years

DESCRIPTION

Zambia National Commercial Bank (ZANACO) is a leading financial institution that was established in 1969 to service the financial needs of individuals, SMEs, and corporates in various sectors of the Zambian economy. It is ranked among the top four banks in Zambia on key performance metrics such as assets, loans and advances, deposits, profitability, and capital. It has more than a million customers and a distribution network with over 60 branches and agencies, 8,000 ZANACO express agents, 200 ATMs, and 3,500 POS machines.

In 2020 and 2021 the Bank provided over USD 130 million in Trade Loan financing support the importation of fertiliser for the 2020/21 Farmer-Input Subsidy Program (FISP).

IMPACT SUMMARY

- Supported the FISP, which provides key agricultural inputs at subsidised prices to farmers. The project has impacted approximately 800,000 smallholder farmers in Zambia and has provided food security and income generation for these farmers and their families.
- Although there are implicit potential negative environmental impacts resulting from increased fertiliser use by farmers, it also positively correlates with crop productivity and Zambia posted a bumper harvest of 3.4 million tons in the 2019/20 farming season, representing a 69% increase from 2 million tons produced in the previous season.
- Allowed for the creation of better and more targeted financial products designed to finance agricultural imports.
- Supported the export of agricultural crops. The fertiliser inputs obtained from the FISP improves the quality and quantity of crop generation, which Zambia exports to neighbouring countries like DRC and Malawi. Exports like these play an important role in forex generation and in the diversification of the country's economy away from mining.

Photo credits: World Economic Forum

PROMOTING THE ZAMBIAN AGRICULTURAL SECTOR[15]

RELEVANT SECTORS

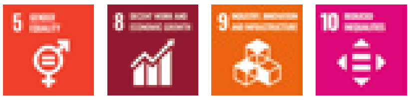
- Financial Services
- Trade
- Agriculture

SDG ALIGNMENT

This case study demonstrates our contribution to the developmental outcomes outlined in our Theory of Change by **(i) increasing intra- and extra-regional trade and (ii) improving strategic sector performance.**

15 Case study information was sourced from TDB management.

IMPACT THEME 2: THE SOCIAL IMPACTS OF FINANCIAL INCLUSION



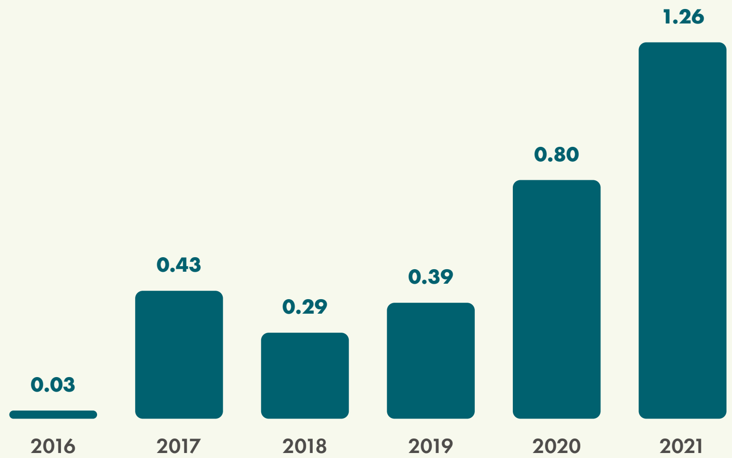
Financial inclusion is a key driver in the promotion of sustainable growth and development, enabling at least seven out of the 17 SDGs[16]. The importance of financial inclusion has been specifically highlighted by the World Bank as an vital enabler for reducing extreme poverty and stimulating growth and development[17]. Further, there is evidence that the impact of financial inclusion on the economic development of marginalised communities is direct and positive, supporting both social and economic empowerment.[18]

This context is particularly important against the backdrop of the lower levels of financial inclusion which we find in developing countries and, more specifically, across the African continent.

In particular, financial exclusion tends to be higher among people living in poverty and among the youth and women. Helping to address this, as well as facilitating access to finance and financial services, can have significant potential impact. Not only can it form a key component of economic empowerment for individuals, but having access to banking and credit can, for example, be a significant enabler to SMEs.

In 2021, **we continued to promote financial inclusion**, with our lending to the banking and financial services sector increasing by 59% in 2021 following a similarly major increase during 2020. This is demonstrated in the chart below.

Figure 11: TDB's financing to the financial sector over the past 5 years, USD billions



By facilitating financial inclusion, we have assisted in increasing cumulative direct financing by borrowers in the banking and financial services sector by 34.1%, making this one of the largest sector-specific social impacts in the TDB portfolio. Further, employment in the banking and financial services sector contributes 20% of the total cumulative employment that we have facilitated through our financing.

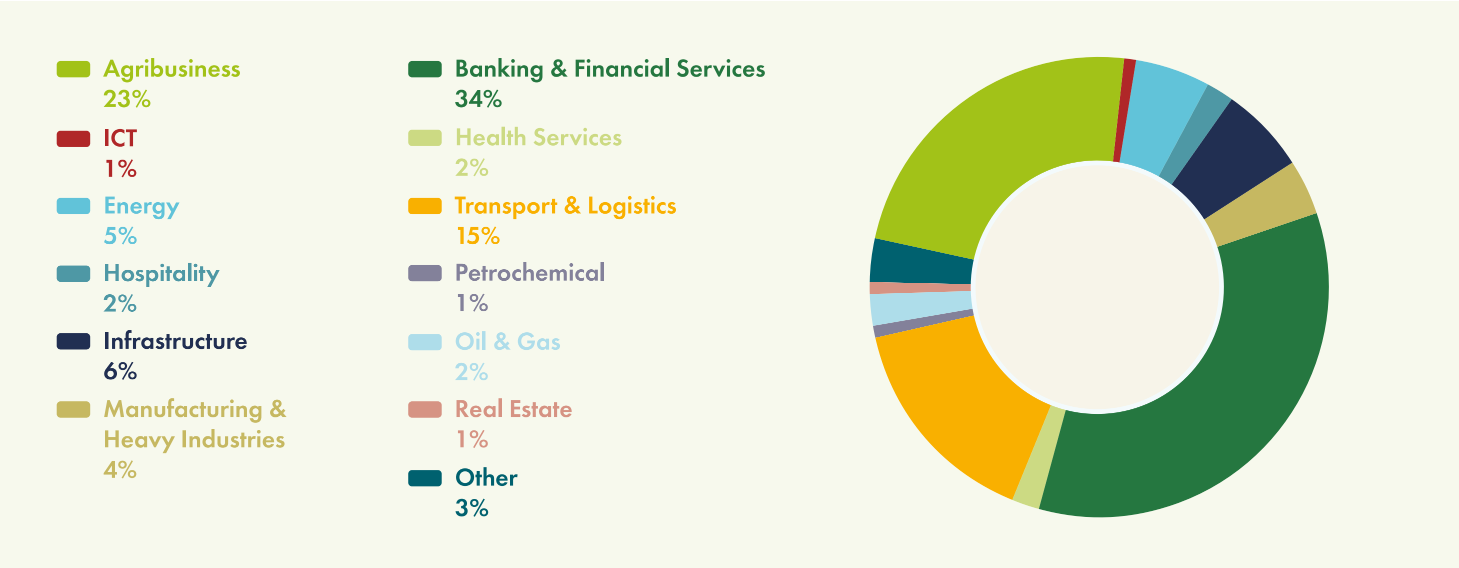
Cumulatively, our portfolio has supported approximately 1.1 million jobs (constituting both direct and indirect employment), 54% of which are for women. Of the direct employment created, banking and financial services, agribusiness, and transport and logistics were the largest sectors, as shown in Figure 12 below.

16 The World Bank. (2022). Understanding Poverty: Financial Inclusion. [Online]. Available:https://www.worldbank.org/en/topic/financialinclusion/overview#1.

17 Ibid.

18 Lal. T. (2021). Impact of financial inclusion on economic development of marginalized communities through the mediation of social and economic. International Journal of Social Economics Empowerment. 48(12), pp. 1768-1793. https://doi.org/10.1108/IJSE-12-2020-0830.

Figure 12: Direct employment per sector, as a % of total employment (143,497 jobs) created through TDB funding



Case study 4, 5, and 6 below showcase examples of projects that have helped to facilitate access to financial services and promote financial development across the continent. A significant way in which we facilitate the achievement of financial inclusion in Africa is through providing facilities to businesses. These facilities are typically used for expansion, providing a channel for both economic growth and increased employment.

CASE STUDY 4:

YEAR OF THE PROJECT

2020 (extension of a seven-year loan originated in 2014)

COUNTRY

Zimbabwe

FINANCING AMOUNT

Appointed as Mandated Lead Arranger (MLA) to underwrite and raise a corporate facility of USD 75 million in long-term syndicated debt funding.

TENOR (YEARS)

- 7 years

DESCRIPTION

We extended a seven-year term loan to PPC Zimbabwe in 2014 to finance the construction of a cement-grinding plant in Harare, Zimbabwe. We were appointed as MLA to underwrite and raise a corporate facility of USD 75 million in long-term syndicated debt funding. In 2019, the Harare plant attained its highest cement production and dispatch since commissioning. PPC is now the biggest cement manufacturer in Zimbabwe, with a market share of over 50%.

IMPACT SUMMARY

- Increased the company's installed cement capacity by 50%, from 700,000 Mtpa to 1,400,000 Mtpa.
- Facilitated the employment of 144 people at the new plant. 90 new permanent jobs were created at the operation phase of the financing, of which 20 were for women and youth.
- Enabled PPC to establish a physical market presence in the northern region of the country, which accounts for between 45% and 50% of Zimbabwe's total cement demand. The location of the plant has allowed people to buy cement without high transportation costs, helping to improve infrastructure in the area and strengthening regional value chains.
- Increased productivity, which has led to an increase in fiscal contributions. In 2020, PPC contributed a total of USD 14.9 million to the Zimbabwean fiscus.

Photo credits: PPC

SUPPORTING THE EXPANSION OF INDUSTRIES AND EMPLOYMENT IN ZIMBABWE[19]

RELEVANT SECTORS

- Manufacturing (cement)
- Construction

SDG ALIGNMENT

Enabled PPC to manage its environmental impact. The negative environmental impact of increased production is implicitly part of the trade-off on projects like these and this is essential to understanding their impact. To counter these, PPC operations comply with all of the applicable IFC Principles. Cement production – particularly the production of clinker – is energy intensive and PPC Zimbabwe has therefore invested in its own solar power plant, which produces 10 MW at the Bulawayo plant. A second solar facility, which is currently being developed at the Colleen Bawn clinker plant, will produce an additional 20MW. The company has also installed a dust suppression system (bag filter) at the clinker plant in Gwanda to minimise the amount of dust being released.

This case study demonstrates our contribution to the developmental outcomes outlined in our Theory of Change through: **(i) enhanced business performance and (ii) improved strategic sector performance.**

Funding businesses can have far-reaching impacts, not just in terms of job creation and industry expansion but also through the careful selection of projects that have far-reaching community benefits, such as improving access to education or healthcare.

19 Case study information was sourced from TDB management and an interview conducted by Genesis.

CASE STUDY 5:

YEAR OF THE PROJECT

2019 (partially completed in 2021)

COUNTRY

Madagascar

FINANCING AMOUNT

USD 7.3 million PIF Facility

TENOR (YEARS)

- 10 years

DESCRIPTION

Polyclinique Fanandratana SARL was established in 2017 to provide specialised healthcare services in Madagascar. In 2019, we approved a USD 7.3 million PIF Facility in favour of Polyclinique to finance the acquisition of a building and equipment for a healthcare facility in Antananarivo. The clinic consists of several specialised units, including maternity, paediatrics, radiology, ICU and gynaecology units, as well as theatres, general consultants' offices, emergency rooms, diagnostics facilities, and a pharmacy. The facility provided allows Polyclinique to offer a comprehensive package to medical aid scheme members as well as non-members.

IMPACT SUMMARY

- Helped Polyclinique to provide patients with up-to-date diagnostic and treatment methodologies and modern therapeutic management, while also meeting all required international standards for medical equipment. The clinic has performed 15,827 medical procedures to date. The PIF facility provided therefore facilitated technology transfer and also provided a treatment option for patients who may previously have had to seek treatment outside of the country.
- Facilitated access to specialised healthcare for women and children.
- Helped Polyclinique provide employment opportunities for highly qualified staff. The clinic has 105 medical staff and eight non-medical staff, 50% of whom are women.
- Resulted in Polyclinique's income increasing from USD 30,368 in 2019 to USD 832,517 in 2020.
- Allowed for an existing building to be re-purposed, reducing the negative environmental impact that would have been caused by constructing the building from scratch.

Photo credits: Polyclinique

SUPPORTING SPECIALISED HEALTHCARE SERVICES IN MADAGASCAR[20]

RELEVANT SECTORS

- Health Services

SDG ALIGNMENT

This case study demonstrates our contribution to the developmental outcomes outlined in our Theory of Change through: **(i) improved access to finance, (ii) enhanced business performance, and (iv) improved access to social and economic infrastructure.**

While providing facilities to help grow projects and businesses is one form of financial inclusion, facilitating access to financial services for individuals is equally important and is therefore an important means of making a contribution to economic growth and development. Financial inclusion at an individual level helps combat poverty and inequality by providing access to financial services like loans and savings accounts, irrespective of the person's location and socioeconomic background.

20 Case study information was sourced from TDB management

Photo credits: Adobe Stock

CASE STUDY 6:

YEAR OF THE PROJECT

2020

COUNTRY

Burundi

FINANCING AMOUNT

Issued a risk share (50%) guarantee of USD 250,000 (BIF 500 million) in December 2020 to Banque de Gestion et de Financement (BGF) which, in turn, issued a term loan of USD 510,000 (BIF 1 billion) to Women's Initiative for Self-Empowerment (WISE) Microfinance.

TENOR (YEARS)

- 3 years

DESCRIPTION

WISE is one of Burundi's leading microfinance institutions. It was established in 2007 by the members of the Association of Women in Business in Burundi to (i) facilitate saving among women, (ii) provide loans to members and entrepreneurs engaged in micro and small-scale income-generating activities, (iii) provide guarantees that enable members to borrow from local banks, and (iv) offer non-financial services such as financial education. WISE's main objective is to achieve economic and financial autonomy for more vulnerable social groups, especially women. WISE currently has 366 members. [21] It is a woman-founded institution, and all of the shareholders are women.

The funding unlocked by the financing we provided was on-lent by WISE in the form of SME loans, particularly in agribusiness and trade. It was used to finance trade loans with an average loan size of USD 775. This enabled WISE to (i) roll out new women's loan products including the 'three-women product,' a loan which was designed for women solidarity guarantee groups, and (ii) improve its loan processing times through an investment in technology that will enable the institution to reach more Burundians outside of Bujumbura. WISE has created a group liability structure that helps remove collateral challenges that women face when seeking finance.

21 TDB Group. (2021). TDB Group Unlocks Funding for Women-led Small and Medium Enterprises in Burundi via its SME Programme. [Online]. Available at: https://www.tdbgroup.org/tdb-group-unlocks-funding-for-women-led-small-and-medium-enterprises-in-burundi-via-its-sme-programme/

Photo credits: AGRA.org

UNLOCKING FUNDING FOR WOMEN-LED SMEs IN BURUNDI[22]

RELEVANT SECTORS

- Microfinance
- Women-led Small and Medium Enterprises (SMEs)

SDG ALIGNMENT

IMPACT SUMMARY

- Enabled WISE to expand its pool of working capital, thereby growing its lending operations and business. WISE had never previously borrowed this level of funding in a single loan due to the limited size of its balance sheet.
- Enabled WISE to lend to a total of 123 clients, including 64 women. Of the total loans made, 87 were to new clients.
- Contributed to the upskilling and education of the WISE team through both the guarantee and a non-repayable technical assistance grant. This grant not only provided training but also provided growth plan reviews to facilitate the development and increase WISE's reach.
- Improved levels of financial inclusion among women. Only about 22% of the country's adult population have a bank account, and only 30% of these individuals are women.

This case study demonstrates our contribution to the following development outcomes: **(i) improved access to finance and (iv) improved access to social and economic infrastructure.**

22 Case study information was sourced from TDB Management and virtual interviews.

IMPACT THEME 3: CLIMATE CHANGE AND FOOD SECURITY

Africa is currently being confronted with a number of interconnected challenges that stem from the detrimental impact of climate change. These include growing levels of food insecurity, ever-rising energy costs, poor access to energy, and high levels of poverty and unemployment. Climate change alone causes changing weather patterns that affect the agricultural sector, contributing to natural disasters like flooding and droughts and impacting on both food and water security.[23] Due to financial vulnerability and high levels of agricultural dependence, Africa will suffer severely if action is not taken to mitigate the effects of climate change.

While the effects of climate change are vast, it has been shown to have a particularly detrimental impact on the developing world, notably in the area of food security and safety, where the incidence and prevalence of food-borne diseases, among other effects, put pressure on already-vulnerable economies. Greater climate variability and the increasing frequency and intensity of extreme weather conditions are expected to continue to affect the stability of food supply, access and utilisation.[24] **Despite the considerable progress made in reducing hunger during the past several decades, as of 2015 two billion people lack the essential micronutrients required to lead healthy lives and almost 800 million people are chronically undernourished**.[25] An estimated 161 million children under the age of five exhibit stunted growth while, conversely, 500 million people are obese. The Food and Agriculture Organisation (FAO) estimates that in order to satisfy the growing demand driven by population growth and dietary changes, food production will have to increase by 60% by 2050.[26]

We aim to help mitigate these regional challenges through two main channels:

4. **Financing activities** that reduce greenhouse gas emissions and improve environmental sustainability; and
5. **Direct financing of projects** that facilitate increased food security, usually in the form of innovative farming practices.

These align with a number of the SDGs and have potentially positive knock-on effects on job creation, infrastructure development, youth employment and empowerment, and general economic development in the communities reached by these projects. **In line with this, we increased our financing in the agribusiness sector by 4% in 2021**, while simultaneously decreasing financing in oil and gas, showing a commitment to improving the environmental impact of the Bank's portfolio. As mentioned earlier in this document, understanding all the positive and negative aspects of the impact of TDB's portfolio is essential to driving the sustainability agenda. This is necessary to enable the right transition, which is critical to ensuring that we are able to meet our clients' needs and our own sustainability commitments responsibly. **Encouraging investment in renewable energy is a core aspect of this.**

Renewable energy is not only an important response to climate change and pollution, but also has the potential to be a significant contributor to development outcomes. Lack of access to electricity limits access to information, education, quality healthcare, and economic opportunities, among many other things. In support of renewable energy, **we facilitated the creation of 655 MW of sustainably produced energy in 2021.**

In 2021, we received an eight-year, USD 20 million loan from FinDev Canada in alignment with our climate change and food security goals. The funding will help to support inter- and intra-regional trade in and between our Member States by strengthening micro, small, and medium-sized enterprises (MSMEs). This, in turn, will help to finance climate change adaptation and mitigation initiatives aimed at enhancing energy security and access to clean electricity, as well as to support job creation and reduce GHG emissions, aligning our business even further with the Paris Agreement, the SDGs and Agenda 2063.

Together with progressive growth in our green energy and SME portfolios, we have been expanding our suite of innovative low-carbon product offerings for our clients, including SMEs, in the regions we serve. This has included providing facilities for solar, hydro and wind energy production across the continent, helping to ensure that access to sustainable energy is promoted and improved. Just one example of this was the USD 75 million facility provided to SME Off-Grid Facility in 2021. The Facility targets SMEs operating in the renewable energy space, with a special focus on the off-grid sector value chain, including businesses involved in the supply, construction, and operation of infrastructure projects. **Further examples of how our financing supports the Paris Agreement are given in the case studies below.**

23 World Meteorological Organisation. (2020). The State of the Climate in Africa 2019 Report.

24 Food and Agriculture Organization of the United Nations. (2015). Climate change and food security: risks and responses. [Online]. Available at: https://www.fao.org/3/i5188e/I5188E.pdf.

25 Ibid.

26 Ibid.

Photo credits: Adobe Stock

CASE STUDY 7:

YEAR OF THE PROJECT

2021

COUNTRY

Kenya

FINANCING AMOUNT

USD 4.2 million

TENOR (YEARS)

- 6 years

DESCRIPTION

Alternative energy projects can provide access to power for people who live off-grid or in remote areas. They also have the potential to create jobs, uplift communities, and mitigate climate change.

In 2021, we closed a USD 4.2 million debt transaction with Sunspot Energy Kenya Limited (operating as Spark Possibilities), an SME providing large solar home systems (SHS). A total of 7,000 SHS kits have been installed in Kenya to date. These facilitate the generation of 950 MWh/pa and have impacted on an estimated 35,000 people to date.

The financing we provided will enable Sunspot to offer an expanded range of pay-as-you-go (PAYG) solar energy solutions to households in Kenya and to enter other markets in Sub-Saharan Africa. In order to underwrite the full debt amount, we allowed for tranches that would increase disbursement in line with Spark Possibilities' growth needs. This will allow the company to efficiently meet their financing needs as market needs increase.

IMPACT SUMMARY

- Provided clean energy technology and is expected to reduce greenhouse gas production by 2,500 tonnes in 2022.
- Helped to give access to electricity for people in rural areas, supporting their ability to do work and study, as well as improving access to information and technology. It has reportedly also reduced the use of kerosene, helping to minimise the potential danger and pollution of this light source.
- Made high-priced solar energy more accessible as Spark Possibilities supplies their SHS kits using a credit system.
- Demonstrated the potential for more private sector mobilisation as well as the potential for providing access to improved, dependable, and affordable electricity.
- Provided a template for us to replicate across the region. Similar projects could help reach many off-the-grid communities and provide them with sustainable power solutions.

Photo credits: Unsplash

SOLAR ENERGY FOR OFF-GRID COMMUNITIES IN KENYA[27]

RELEVANT SECTORS

- Energy
- Infrastructure
- Financial Inclusion

SDG ALIGNMENT

This case study demonstrates our contribution to the following development outcomes: **(i) enhanced business performance and (ii) improved strategic sector performance**

Agribusiness has an important role to play in job creation, contributing up to 70% of employment in Africa and providing 25% of continental GDP.[28] The sector nevertheless requires support and funding to help increase output and improve current practices. These outcomes will, in turn, support increasing demand for food and promote agricultural sustainability. As already mentioned, the sector faces multiple challenges, including limited access to technology and infrastructure as well as the impact of climate change.

Improving the sustainability of agribusiness will not only improve employment opportunities, but also help to promote food security. In successful cases, agribusiness can increase a country's ability to export agricultural goods and help improve economic conditions for communities and the country as a whole.

We are committed to promoting sustainable farming practices and supporting agribusiness across Africa. In 2021, we loaned USD 1.1 billion to the agribusiness sector, an increase of 4% from 2020. This accounts for 18% of the overall portfolio. We provide support in a number of ways, from financing clean energy projects, which have knock-on effects for agribusiness and food supply chains, to structuring more direct financing, such as that described in case study 8 below. In this instance, the introduction of new crops in Tanzania is helping reduce food insecurity and increase employment in the country.

27 Case study information was sourced from TDB management and virtual interviews.

28 IFC. (2022). Agribusiness. [Online]. Available at: https://www.ifc.org/wps/wcm/connect/REGION__EXT_Content/IFC_External_Corporate_Site/Sub-Saharan+Africa/Priorities/Agribusiness/.

CASE STUDY 8:

YEAR OF THE PROJECT

2018

COUNTRY

Tanzania

FINANCING AMOUNT

USD 12 million

TENOR (YEARS)

- 13 years

DESCRIPTION

We provided a USD 12 million corporate finance term loan to Rift Valley Energy Tanzania (RVET) to part-finance the expansion of its renewable energy portfolio, which includes hydropower and wind sources. On the completion of the expansion of the project, RVET will have a portfolio made up of 12 MW of renewable energy.

When fully implemented, the expansion project facilitated by TDB's financing is expected to generate 61.8GWh per annum, which will be purchased by TANESCO (48.1 GWh) and Unilever (13.7 GWh) under a 25-year Standardised Power Purchase Agreement and 10-year off-grid Unilever PPA.

IMPACT SUMMARY

- Significantly improved the creation of hydropower energy, which supports the national power grid and helps alleviate capacity constraints at the national utility company.
- Supported job opportunities for 200 people since 2008.
- Facilitated the reduction of 100,000 tons of carbon dioxide.
- Enabled the neighbouring Luponde Tea Factory – one of the beneficiaries of the project – to reduce its reliance on costly, maintenance-heavy, and environmentally unfriendly backup diesel generators.
- Helped to provide power to surrounding schools and hospitals, improving access to education and quality healthcare.

Photo credits: Adobe Stock

FINANCING SUSTAINABLE ENERGY SOURCES IN TANZANIA [29]

RELEVANT SECTORS

- Energy
- Agribusiness
- Infrastructure
- Financial Inclusion

SDG ALIGNMENT

This case study demonstrates our contribution to the following development outcomes: **(i) enhanced business performance, (ii) increased employment, and (iii) improved strategic sector performance.**

As the above case study shows, we continue to support the creation of more sustainable energy sources across Africa which, in turn, facilitates both improved energy production as well as job creation. An additional example of this is RMT-Energy Development Limited, where TDB's financing has supported the construction of a 9.8 MW hydropower plant in Rwanda. Power generated by the project is purchased by the Energy Utility Corporation Limited under a 25-year take-or-pay Power Purchase Agreement. This plant has increased grid capacity throughout Rwanda, providing economic opportunities while mitigating the environmental harms associated with power generation.

In addition to financing clean energy, we aim to combat the detrimental impacts of climate change on food supply and food security by financing sustainable agricultural practices. Case study 9 below provides an illustrative example of how financing agribusiness helps alleviate food insecurity and supports sustainable development in Malawi.

29 Case study information was sourced from TDB management and virtual interviews.

CASE STUDY 9:

YEAR OF THE PROJECT

2021

COUNTRY

Malawi

FINANCING AMOUNT

The USD 10 million Pre-shipment and Export Finance Facility

TENOR (YEARS)

- 1 year

DESCRIPTION

Pyxus Agriculture Malawi Limited is a subsidiary of Pyxus Agriculture Holding Limited (PAHL), a UK-based company responsible for the Value-Added Agriculture Product (VAAP) at the Pyxus International Inc. Group. Value-added agricultural business is an initiative of Pyxus Group, which aims to become less reliant on its main source of revenue in Africa, namely tobacco, and to move into producing alternative agricultural products, which both provide support and increase farmers' incomes.

As the company's contracted farmer base increases the yield of non-tobacco crops, Pyxus Agriculture Malawi is actively working to build the value-added processes that will support the diversification of the farmers' incomes. By keeping the farmer at the centre of the strategy, Pyxus provides customers with sustainable and traceable agricultural products, inputs, and services.

The purpose of the facility was for the purchase and processing of commercial groundnuts (grain) as well as the production and processing of commercial groundnuts (grain), groundnut seed, soya beans, seed maize, commercial beans, commercial maize, onions, potatoes, and butternut.

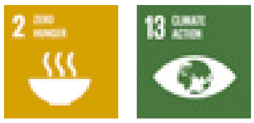
Photo credits: Adobe Stock

ALLEVIATING FOOD INSECURITY IN MALAWI

RELEVANT SECTORS

- Agriculture
- Agribusiness

SDG ALIGNMENT



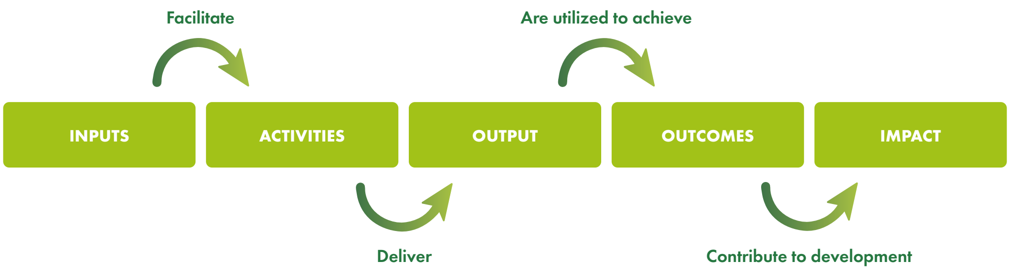
IMPACT SUMMARY

- Helped Pyxus Malawi to continue to employ 105 full-time staff.
- Increased the number of contracted farmers from a zero base three years ago to over 7,000 farmers at present. Ultimately, this number is expected to increase to up to 30,000 individual contracts.
- Enabled Pyxus Malawi to purchase produce from farmers, add value, and sell these value-added products into the local or international markets, thereby improving market linkages.
- Facilitated the diversification of agriculture in Malawi away from tobacco, which has helped to improve the sustainability of the agricultural sector in the country. Export of groundnut crops also provides much-needed foreign exchange for Malawi.
- Enabled technology transfer in the form of the installation of a state-of-the-art groundnut factory, irrigation and mechanisation in crop production, and the utilisation of various technology systems (GMS, IFAS, SAP, etc.) for product traceability. This has helped almost double crop yield per hectare.
- Helped to support Pyxus' R&D, which has developed improved varieties of crops such as ground nuts and soya. Benefits include improved yields for farmers and reduced environmental impact, including improved soil health.This case study demonstrates our contribution to the developmental outcomes outlined in our Theory of Change by (i) increasing access to social and economic infrastructure and (ii) increasing intra and extra-regional trade. These development outcomes work in conjunction to incentivise greater employment opportunities

This case study demonstrates our contribution to the following development outcomes: **(i) enhanced business performance and (ii) improved strategic sector performance**

04. CONCLUSION

Photo credits: Unsplash



Within the context of our SDIMS and Theory of Change, this report provides evidence of our sustainability and development impact in 2021. In line with the macroeconomic trends concerning GDP growth for Member States in 2021, our portfolio has consistently grown year-on-year. This has allowed us to serve customers and work with partners in our Member States, enabling outcomes in a range of sectors. In this report, we have focused on our impact in three thematic areas, within which we have showcased examples of the impact that TDB had during 2021.

6. We actively promoted the development of **supply chains, trade, and infrastructure.** Focus areas within this thematic area were the financing of airlines, (which were financed prior to 2021, but whose operational impact remains key) and banks, and the support of infrastructure in a range of sectors. A cumulative **USD 2.1 billion** in loans was allocated to infrastructure development, making up 35% of the total loans financed, while USD 4.0 billion was allocated in the form of trade finance. Our facilities also helped to increase productivity, provide business support, and improve supply chains, resulting in an overall increase in sector-specific productivity.
7. **Financial inclusion** is an enabler of poverty reduction and can stimulate economic growth and development, as well as promote positive knock-on **social impact.** We aim to enable high-potential development projects across Africa to access finance that may otherwise not be available. In alignment with this objective, we undertook the highest level of banking finance yet, increasing our level of financing by 59% from 2020 and showing our commitment to promoting development through financial inclusion.
8. **Climate change** is an ever-increasing threat to African development and productivity. It not only contributes to the frequency of natural disasters but also affects supply chains

and agribusiness, which is one of the largest sectors – and sources of employment and livelihoods – across the continent. Our support for climate change mitigation through funding clean energy production created **655 MW of sustainable energy in 2021**, which made up 80% of all energy produced through our facilities. In addition, USD 449 million was invested in agribusiness which, in turn, contributed to increased **food security on the continent.**

The table below provides a summary of the impact themes covered in this report, as well as how these align with the SDGs.**Just as this**

Table 5: Impact summary

IMPACT THEME 1: SUPPLY CHAINS, TRADE, AND INFRASTRUCTURE	
Related development outcomes	• Enhanced business performance • Increased access to social and economic infrastructure • Improved strategic sector performance
Total contribution	• We contributed USD 2.1 billion in facilities for the infrastructure sector. • USD 4.0 million was provided in the form of trade financing. • The total value of facilities for first-time borrowers in the ICT and energy sectors amounted to USD 215 million and USD 329 million, respectively. • Trade financing operations grew by 16%
Related SDGs	• **SDG 1 and 10:** No poverty and reduced inequalities. Our USD 2.1 billion financing for infrastructure and corporations such as BANCOBU, RwandAir, Kenya Airways and Ethiopian Airlines is helping to build export markets and to generate temporary jobs in construction as well as permanent jobs in business operations. This financing creates jobs within the region. • **SDG 8:** Decent work and economic growth. Financing for infrastructure development and in key strategic sectors generates knock-on effects for the entire economy by providing necessary inputs, developing value chains, and creating jobs. • **SDG 9:** Industry, innovation, and infrastructure. Development of the transportation and logistics infrastructure reduces the cost of moving goods across borders and improves intra-regional trade. TDB contributed USD 2.1 billion to infrastructure activities in 2021. Case study 1, for instance, demonstrates how our financing resulted in the acquisition of new aircraft for three dominant African airlines.

IMPACT THEME 2: THE SOCIAL IMPACTS OF FINANCIAL INCLUSION	
Related development outcomes	• Improved access to finance • Enhanced business performance • Increased employment • Increased access to social and economic infrastructure
Total contribution	• We contributed USD 1.3 billion to banks in 2021 and increased the number of loans to first-time borrowers, demonstrating continuous improvement in financial inclusion. In addition, both direct male and direct female employment were improved in 2021 as a result of our facilities.

Related SDGs	• **SDG 1:** No poverty. This goal specifically references financial inclusion as an element that actively helps reduce poverty, specifically among women and the most vulnerable members of society, by providing access to financial services. • **SDG 2:** Zero hunger. Financial inclusion contributes to food security by providing small-scale food producers and farmers with access to loans and other forms of financial inclusion. • **SDG 3:** Good health. This goal mentions "financial risk protection" as a factor that indirectly contributes to achieving good health. SDG 5: Gender equality. Financial exclusion across the continent affects women disproportionately. Through access to financial services women are empowered financially, which promotes gender equality. • **SDG 8:** Decent work and economic growth. The formalisation of markets and the increased capacity of financial institutions that result from improved financial inclusion both serve as key contributors to economic growth. • **SDG 9:** Industry innovation and infrastructure. Financial inclusion provides access to credit and services that help promote and improve innovation and infrastructure. The field of financial inclusion in itself can also be read as a form of industry innovation. • **SDG 10:** Reduced inequalities. In the same way that financial inclusion reduces gender equality, it is supports individual empowerment and provides opportunities to reduce inequality.

IMPACT THEME 3: CLIMATE CHANGE AND FOOD SECURITY

Related development outcomes	• Increased employment • Improved strategic sector performance • Increased access to social and economic infrastructure
Total contribution	• We contributed USD 1.1 billion in loans towards agribusiness and USD 259 million towards energy generation. • 655 MW of renewable energy was generated through projects we financed in 2021. • There has been a continued trend of decreased funding to the oil and gas industry over the past five years.
Related SDGs	• **SDG 2:** Through the alleviation of climate change and by promoting more sustainable crops, TDB is helping to improve access to food and minimise the impacts of climate change on the agricultural sector. • **SDG 3:** Better access to food and less pollution as a result of the burning of fossil fuels helps to promote better health. • **SDG 7:** Affordable and clean energy is provided through the funding of alternative clean energy sources. • **SDG 13:** Climate change is mitigated not only through the financing of clean energy sources, but also by facilitating more sustainable agricultural practices.

2021 report represents progress for our implementation of our SDIMS, we will continue to build on this momentum in 2022 and pursue opportunities to optimise our impact.

It is important to note that we fund a number of activities that provide critical economic and social upliftment in the African region, but that these activities can also have a negative impact on some of the SDGs. For example, funding for the oil and gas sector and the aviation industry contributes to increased emissions. Notwithstanding the clear economic and social value associated with these activities, which we have described in this report, there are trade-offs implicit in financing them, which we have also noted. We have also noted a clear need to engage with these trade-offs in order to promote sustainable development.

In this regard, our commitments to the Paris Agreement and the SDGs have resulted in a number of promising developments, some of which have been described in the case studies in this report. This demonstrates how we are actively managing our response to climate change by financing renewable energy projects and promoting sustainable modes of operation. We will continue to do this and will also continue to increase our efforts to understand the emissions and the associated climate change risk associated with the financing we provide.

While there are seldom any straightforward solutions to these issues, we are confident that the work done to date and our persistent efforts to understand the impacts of our activities will help us to navigate these challenges. In order to do this, we will continue to build the internal systems required for **data gathering and reporting.** Although we have a comprehensive SDIMS, there is scope to improve the availability of data so that we can report more comprehensively on the outcomes we have set out to achieve. This is part of our ongoing effort to better understand and enhance the impact of our operations.

We remain at the forefront of development financing in the African region. This report showcases progress made to date on integrating the SDIMS into our reporting functions. We are proud to be a leader in providing tailored financing solutions that support our Member States in meeting their development goals and in contributing to the global development agenda in line with the SDGs, the Paris Agreement, and Agenda 2063.

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