



INTEGRATING & ADVANCING THE REGION

TDB SUSTAINABILITY AND DEVELOPMENT IMPACT REPORT 2022

Supporting African efforts on climate action, supply chains, food security, financial inclusion, economic resilience, and livelihoods.

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

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

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ACRONYMS AND ABBREVIATIONS

ACF	Agri Commodities and Finance	MSMES	Micro-, Small, and Medium-sized Enterprises
BDEA	Arab Bank for Economic Development in Africa	MW	Megawatt
BMZ	German Federal Ministry for Economic Cooperation and Development	NMB	National Merchant Bank of Zimbabwe
CERS	Certified Emissions Reductions	OECD	Organisation for Economic Co-operation and Development
CIF	COMESA Infrastructure Fund	OPEC	Organisation of the Petroleum Exporting Countries
CDN	Clean Development Mechanism	PAHL	Pyxus Agriculture Holding Ltd
COMESA	Common Market for Eastern and Southern Africa	PAM	Pyxus Agriculture Limited, Malawi
DFI	Development Finance Institution	PAYGO	Pay-As-You-Go
EAC	East African Community	PPE	Personal Protective Equipment
EIB	European Investment Bank	RIM	Réseau des Institutions de Microfinance Burundi
ESAIF	Eastern and Southern African Infrastructure Fund	RVET	Rift Valley Energy Tanzania
ESATAL	Eastern and Southern African Trade Advisers Limited	SADC	Southern African Development Community
ESMS	Environmental and Social Monitoring System	SDGS	Sustainable Development Goals of the United Nations
ETG	Export Trading Group	SDIMS	Sustainable Development Impact Monitoring System
FMO	Dutch Entrepreneurial Development Bank	SKL	Sunspot Energy Kenya Limited
GDP	Gross Domestic Product	SMES	Small and Medium-sized Enterprises
GHG	Greenhouse Gas	SOFR	Secured Overnight Financing Rate
HFO	Heavy fuel oil	TCI	TDB Captive Insurance Company
ICT	Information and Communication Technologies	TDF	Trade and Development Fund
IFC	International Finance Corporation	ToC	Theory of Change
IFE	Investing for Employment, a subsidiary of KfW Development Bank	UN	United Nations
IGAD	Intergovernmental Authority on Development	UNFCCC	United Nations Framework Convention on Climate Change
LIBOR	London Interbank Offered Rate	VAAP	Value-Added Agriculture Product division
LOC	Lines of Credit		
MFIS	Microfinance Institutions		

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TDB'S SUSTAINABILITY AND DEVELOPMENT IMPACT REPORT 2022 **SUMMARY**

INPUTS



USD 3.36 billion

VALUE OF DISBURSEMENTS IN 2022

OUTPUTS - USD 6.53 BILLION IN LOANS



USD 4.45 billion

SOVEREIGN



USD 19.06 million

PUBLIC ENTERPRISES



USD 1.06 billion

LARGE ENTERPRISES /
CORPORATIONS



USD 196.23 million

SMALL AND MEDIUM ENTERPRISES



USD 803.05 million

FINANCIAL INSTITUTIONS

IMPACT

THE TRADE AND DEVELOPMENT BANK GROUP'S THEORY OF CHANGE
ALIGNS WITH THE FOLLOWING SUSTAINABILITY GOALS (SDGs)



INPUTS



187

PROFESSIONAL AND GENERAL EMPLOYEES

OUTCOMES



FINANCIAL INCLUSION AND ECONOMIC GROWTH

- Increase in number of active SME borrowers from women-owned financial institutions to 8,945 in 2022 from 7,983 recorded in 2021
- Increase in syndicated loans to USD 17.31 billion (2022) from USD 14.51 billion (2021)
- Increased employment from 1,134,486 in 2021 to 1,146,027 in 2022



SUPPORT TO SUPPLY CHAINS AND FOOD SECURITY THROUGH TRADE FINANCE

- Farmers included in supply chains from 73,657 (2021) to 76,982 (2022)
- Incremental value of intra-regional transactions – USD 444.28 million (2022) from USD 268.27 million (2021)



CLIMATE ACTION

- Over 79,979 households accessed clean energy
- Farmers trained - 6,417 small scale farmers and 5,730 farmers' clubs in sustainable agriculture practices



INFRASTRUCTURE FINANCING TO SUPPORT ECONOMIC RESILIENCE, LIVELIHOODS, AND SUSTAINABLE ECONOMIC VALUE CREATION

- Increased oil pipeline pumping capacity from 2.2 million m³ to 2.92 million m³ annually

AWARDS



- Best Development Bank



- Development Financial Institution of the Year
- Sustainable Bank of the Year



- Outstanding Sustainable Finance in Emerging Markets in Africa
- Outstanding Leadership in Sustainable Finance by a Multilateral Institution in Africa



- World's Best Bank for Trade Finance in Frontier Markets
- World's Best Bank for Trade Finance in Mauritius

MESSAGE FROM THE CHAIRMAN OF THE BOARD



This year, in an environment where most economies around the world, including in the TDB Group region, most member states are facing higher cost of capital, constrained fiscal spaces, and challenges maintaining progress in environmental, economic and social terms. TDB Group's interventions, supported by its investment grade ratings, have proven to be increasingly essential to its sovereigns, financial institutions and corporate clients, including MSMEs.

TDB Group's interventions, supported by its investment grade ratings, have proven to be increasingly essential to its sovereign, financial institutions and corporate clients, including MSMEs.

Regional multilateral development banks such as TDB Group have the mandate to act countercyclically when external conditions are difficult, to ensure that the economies they serve have the resources to preserve an environment that is conducive to socio-economic development and capable of responding to climate imperatives. In the African context, when international partners and commercial banks are more risk averse than usual, and exercise pressure, it is critical for institutions such as TDB Group to step in, including at times, as lenders of last resort.

At TDB Group, after 37 years of operations, this has meant staying fast on its feet, and nurturing a culture of innovation, while also cultivating and growing strategic partnerships to effectively scale up and speed up impact.

For example, TDB Group innovates in its processes through the use of blockchain to execute trade finance transactions, in order to save time, costs and carbon footprint. To date over USD 1 billion has been transacted with the support of this technology. In the mobilisation of resources, in addition to what the Group Managing Director mentions further, syndication with partners for example has been instrumental to the deployment of larger amounts for catalytic projects.

Critically, TDB Group has long been a supporter of the idea of making African institutional capital work for the continent's sustainable and inclusive development. As part of various reforms over the past ten years, TDB has for example diversified its capital structure and to date 21 institutional investors – pension funds, DFIs, insurance companies, sovereign wealth funds – have now come into different tranches of its risk capital, including through its novel climate and SDG-aligned Class C Green+ shares. Pioneer African investors have now also inspired others from Europe and Asia to invest because of TDB's excellent track record in terms of returns and impact.

This has enabled TDB Group to further strengthen its risk profile, grow its capital base and lending capacity, crowd-in more debt capital from well-rated funding partners on increasingly better terms, and in turn, grow a more impactful, diversified and de-risked portfolio. Likewise, this has enabled TDB to continuously

improve our offer to clients with terms which they would otherwise not be able to get on their own, and as per TDB's mandate, with due sustainability conditionalities.

TDB Group is an institution that is committed to the global development agenda, and that is deliberate about incorporating environmental, social, and governance (ESG) considerations into its internal processes. A good example of the incorporation of ESG considerations into the Group's day-to-day operations can be seen in the design of TDB Group's new Nairobi Operations Hub, which is EDGE certified, because of its energy savings, water savings, and less energy embodied in materials.

This year, TDB Group is featuring for the first time in the 2022 Sustainability and Development Impact Report one of its subsidiaries, the Trade and Development Fund (TDF), and some of the important strides it has made to drive inclusive development, capacity development and thought-leadership. In particular TDF this year has continued to extend loans targeting agribusiness, retail and manufacturing sector SMEs and MSMEs through partner financial institutions, with a special focus on women and youth-led companies. Its TDB Academy has delivered capacity building to various stakeholders in the region, including staff and public sector lawyers, and launched the TDB Volunteer Programme.

The report also covers how TDB Group has contributed to climate action through different initiatives targeting the

enhancement of energy security and access, and contributing to a just energy transition. Likewise, it looks at how TDB has contributed to food security by supporting supply chains through trade finance, and how

it is promoting financial inclusion. Indeed, in addition to TDF impact, TDB plays a critical role expanding access to financial resources and contributing to value creation that is conducive to economic growth and job creation. Lastly, TDB Group infrastructure financing to support economic resilience, livelihoods, and sustainable economic value creation is explored in the report.

We hope you enjoy reading this report which provides a glimpse of how TDB Group contributes to the global development agenda, and look forward to collaborating with our strategic partners and clients to drive impact and resilience in the member states we serve.

BUSISWE ALICE DLAMINI-NSIBANDE
CHAIRPERSON OF THE TDB GROUP BOARD OF
DIRECTORS

MESSAGE FROM THE TDB GROUP PRESIDENT AND MANAGING DIRECTOR



This 2022 Sustainability and Development Impact Report, TDB Group's fourth, highlights the Group's approach to sustainable development impact measurement and management, and showcases its progress achieved in relation to various themes during the year.

The Report focuses on topics which the Group has been especially keen to address this year, in light of the current global economic environment and its ongoing challenges including: climate action, supply chains and food security, infrastructure financing and financial inclusion. With TDB having evolved into a group structure recently to step-up impact, reach and sustainability, the report also takes a closer look at one of the Group's subsidiaries, the Trade and Development Fund, which provides alternative financing solutions to clients in member states, as well as development grants, technical assistance, thought leadership, and programme management services.

This year, amidst an exceptionally difficult economic backdrop, TDB Group performed very well, with assets, profits, equity and portfolio all growing, and key financial strength indicators also improving. TDB's total portfolio grew by 7% to USD 6.5 billion, with 71% of the latter posing no or low social and environmental risk, as per TDB's ESG framework.

The Bank's trade finance portfolio grew by 13% and approvals for its project finance portfolio grew by 17%. These numbers reflect the recent uptick in the need of TDB Group member states for liquidity to secure the availability of food, energy, and other critical commodities, and support to local value creation and export sectors which are critical to the balance of payments of the region's economies, and their ability to continue addressing climate imperatives, while contributing to economic growth and social safety nets.

Partnerships also continued to be essential this year to the Group's ability to drive sustainable development. Close to USD 3 billion in bilateral loans, syndicated loans and master risk participation agreements were mobilised, significantly boosting TDB Group's ability to deploy more capital in the region.

On the equity side, it is noteworthy to report that over six new shareholders joined TDB in 2022, including three new member states, comprising two in West Africa for the first time, and three new institutional shareholders, comprising, also for the first time, a sovereign wealth fund. The latter is testament to investors' continued confidence in the Bank to achieve both impact and deliver returns, especially considering the current thorny economic environment. Furthermore, to scale-up TDB Group's

contribution to the climate and SDG agenda, TDB Group launched its Class C Green+ shares during COP27. Equity invested in this tranche of risk capital will be leveraged up to four times into qualifying projects and transactions.

TDB Group also continues to drive impact through its Corporate Social Responsibility Programme. In 2022, it finalised its COVID-19 Emergency Response Programme, with over a million personal protective equipment and medical equipment distributed to member states, in addition to water, sanitation and hygiene facilities. A grant was also extended in Mauritius, on the sidelines of TDB Group's AGM, to support local fishermen and protect lagoon marine life.

Through its multiple interventions, TDB Group contributed to the achievement of the AU's Agenda 2063, the Paris Agreement, as well as to several SDGs and in particular: 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 9: Industry, Innovation and Infrastructure; SDG 10: Reduced Inequalities; SDG 12: Responsible Consumption and Production; SDG 13: Climate Action; and SDG 17: Partnerships for the Goals.

It was also an honour for TDB Group to receive many awards this year again, including among others: Global Trade Review's

global recognition of TDB as Development Bank of the Year; African Banker Awards' DFI of the Year and Sustainable Bank of the year; and Global Finance's Outstanding Sustainable Financing in Emerging Markets in Africa and Outstanding Leadership in Sustainable Finance by a Multilateral Institution in Africa.

TDB Group looks forward to working together with its shareholders, partners and clients to drive sustainable development in the 25 member states it serves.

ADMASSU Y. TADESSE

TDB GROUP PRESIDENT AND MANAGING DIRECTOR

EXECUTIVE MANAGEMENT¹



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TDB GROUP VICE PRESIDENT AND DEPUTY
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EXECUTIVE DIRECTOR, TRADE AND
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EXECUTIVE DIRECTOR, TDB CAPTIVE
INSURANCE COMPANY

¹ Titles updated as of January 2024



INTRODUCTION

The Eastern and Southern African Trade and Development Bank (TDB) is an investment-grade multilateral development finance institution (DFI) with 47 sovereign and institutional shareholders.

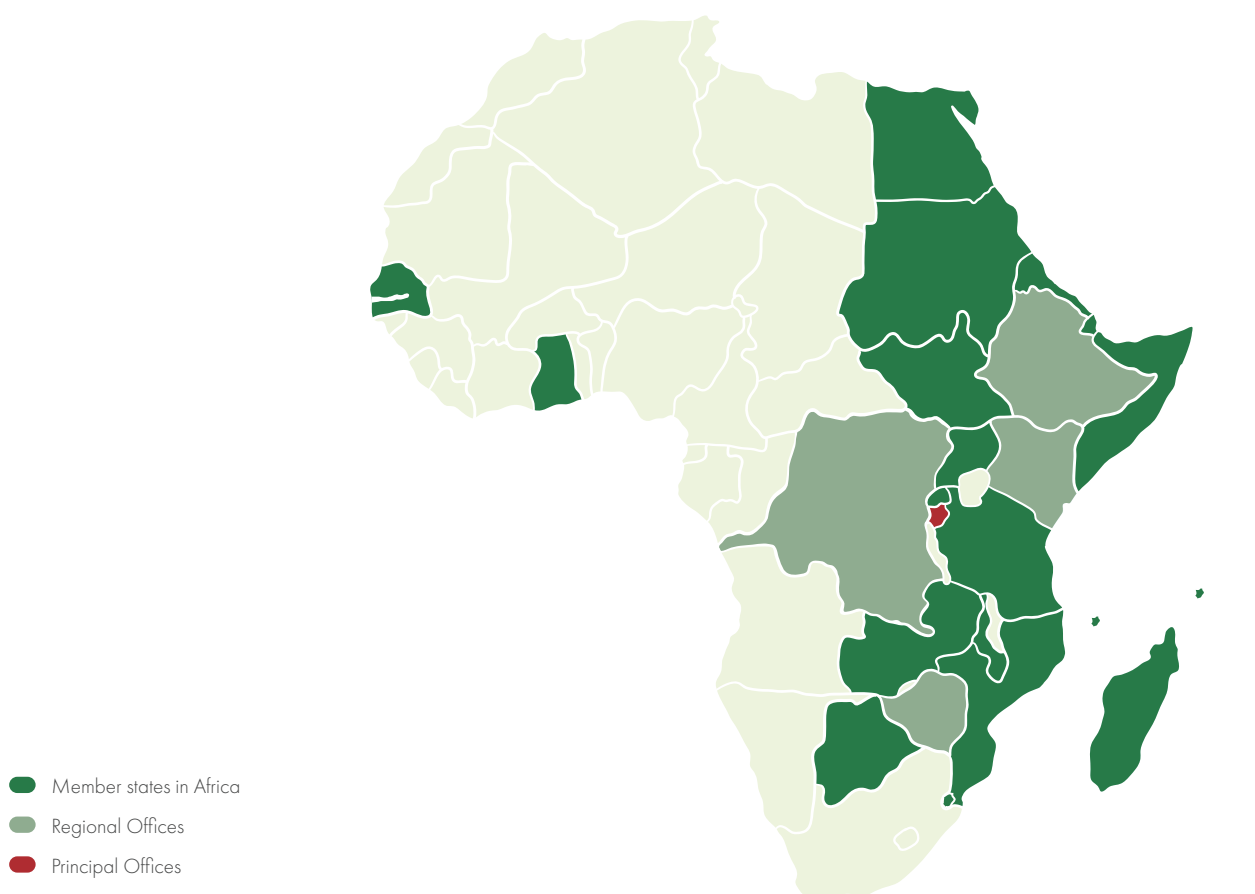
The Bank serves 25 economies from across the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Southern African Development Community (SADC), the Intergovernmental Authority on Development (IGAD) and, as of this year, West Africa.

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

TDB provides bilateral and syndicated short- and long-term financial solutions in numerous sectors to sovereign, financial services, and corporate clients, as well as SMEs, in the region.

TDB Group's member states include Botswana, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Eswatini, Ethiopia, Ghana, Kenya, Madagascar, Malawi, Mauritius, Mozambique, Rwanda, Senegal, Seychelles, Somalia, South Sudan, Sudan, Tanzania, Uganda, Zambia, and Zimbabwe. In 2022, we welcomed three new member states: Botswana, Ghana and Senegal. We have principal offices in Mauritius and Burundi, and regional offices in Kenya, Zimbabwe, Ethiopia, and The Democratic Republic of Congo.

Figure 1: TDB's member countries, principal offices and regional offices in Africa



Source: Eastern and Southern African Trade and Development Bank (2022)



OUR APPROACH TO IMPACT

Photo credits: Envato Elements

TDB Group's mandate is to finance and foster trade, regional economic integration, and sustainable development through trade finance, project and infrastructure finance, asset management, and advisory services.

The Group actively pursues a developmental mandate and aligns itself with the global sustainability and development impact agenda. TDB Group's strategic focus, as described in its Theory of Change (ToC), is aligned with the 17 Sustainable Development Goals (SDGs) of the United Nations, the Paris Agreement, and the African Union's Agenda 2063. Appendix 1 provides a detailed description of how TDB's ToC is linked to both Agenda 2063 and the UN SDGs.

This annual Sustainability and Development Impact Report aims to describe TDB's approach to sustainable development impact measurement and management, and to showcase the progress achieved by the Bank during the reporting period.

- TDB's first Sustainability and Development Impact Report, titled "The Sustainability Report", was published in 2019. The inaugural report introduced TDB's Sustainability Framework and ToC, and presented development outcomes and various case studies to illustrate the Bank's impact.
- In 2020, the Report, subtitled "Partnership and leadership to build forward better", was future-focused. In that report, TDB provided a detailed description of its Sustainable Development Impact Monitoring System (SDIMS), including its ToC and the relevant metrics corresponding

to its six key development outcome areas. The report considered the internal and external drivers of the Group's impact, reported on the impact metrics for the first time, and identified partnerships and leadership as essential enabling themes.

- The 2021 Report, subtitled "Trade finance and project infrastructure finance to drive financial inclusion, resilient supply chains, climate finance, and food security", was built on the previous reports and represented the third iteration of the Group's impact reporting approach. It explored key thematic impact areas and included representative case studies under each.
- This 2022 Report continues where last year's report left off. It focuses on identifying the impacts, risks, and opportunities for communities, society, the environment, and the economy at large, including TDB Group itself. Once again, the Report has endeavoured to provide insights into the Group's portfolio-level impact as well as its efforts at thematic level, and includes case studies providing additional detail to illustrate the wide range of work undertaken by the Bank.

This year's Report will also feature the activities of the Trade and Development Fund (TDF), a subsidiary of TDB Group. TDF provides innovative alternative financing solutions to clients in the Group's member states, with a particular focus on groups that are traditionally underserved, such as MSMEs, women, and youth.

Sustainability & Development Impact Reports 2019 - 2021



It also provides project development grants, technical assistance, thought leadership, and programme management services.² TDF is the first topic showcased in this report, which also considers the Group's impact in four core thematic areas, illustrating both continuation and growth since last year.

As such, the focus of the report will be:

1. Trade and Development Fund (TDF): a profile of its activities and impact;
2. Climate Action: enhancing energy security, energy access, and contributions to the just energy transition;
3. Support for supply chains and food security through trade finance;
4. Promotion of financial inclusion, access to financial resources, and value creation to support economic growth; and
5. Infrastructure financing to support economic resilience, livelihoods, and sustainable economic value creation.

² Trade Development Bank (2023) Trade and Development Fund. Available here: <https://www.tdbgroup.org/about-us/>



CONTRIBUTING TO THE SUSTAINABILITY AGENDA

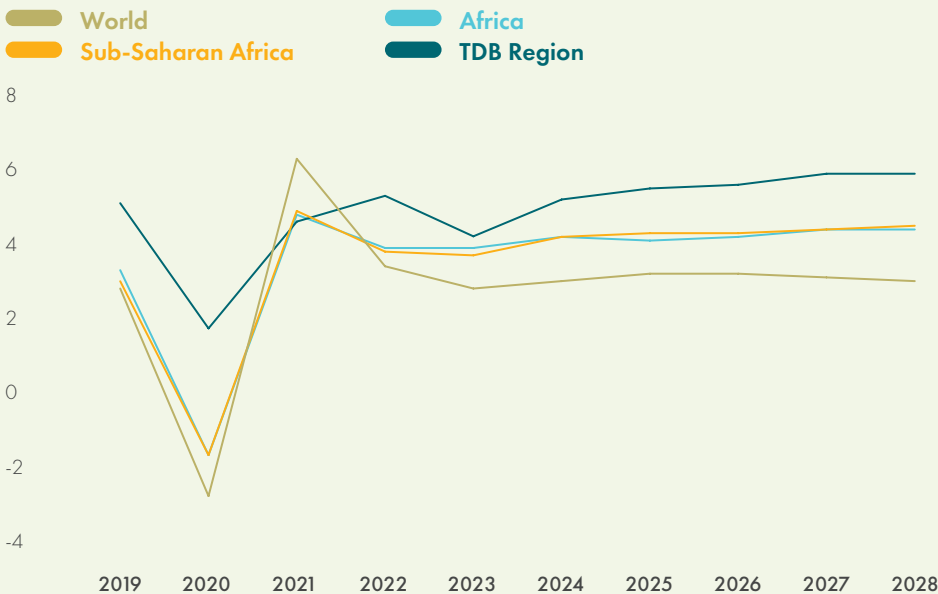
Photo credits: Midjourney - Nonzero 2023

TDB Group serves the African continent by helping to ensure that member states have access to the financial and infrastructural resources needed to foster economic growth.

The continent is currently facing an economic slowdown, which presents new challenges to its development and worsens the

effects of existing ones.³ Global challenges, such as climate change, energy crises, and the Russia-Ukraine crisis, have aggravated the continent's previous challenges: food and energy insecurity, poverty, inequality, and unemployment as well as other challenges related to TDB Group's five thematic areas, which are explored later in the Report.

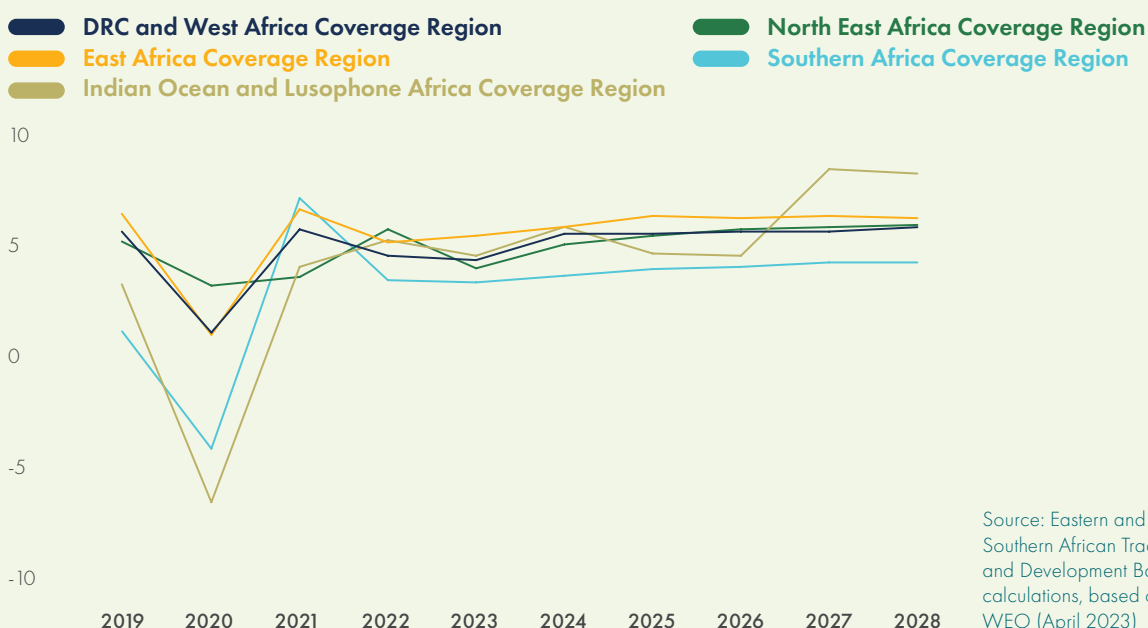
Figure 2: GDP growth %, constant, including projections (beyond 2022) for World, Africa, SSA, and TDB region



Source: Eastern and Southern African Trade and Development Bank calculations, based on IMF WEO (April 2023)

3 UNCTAD (2023) Africa's economic growth decelerates sharply. Available here: <https://unctad.org/news/africas-economic-growth-decelerates-sharply#:~:text=Africa's%20economic%20activity%20is%20expected,Trade%20and%20Development%20Report%202022>.

Figure 3: GDP growth %, constant, including projections (beyond 2022) for TDB coverage region



Beyond the economic challenges facing the continent and TDB Group member states, there are other key issues that are important to track.

These include the overall political backdrop and the socio-economic challenges aggravated by it, such as global trade competitiveness.⁴ As of 2022, Africa accounted for only 2.6% of world trade.⁵ These statistics underline the importance of TDB Group's trade finance offering to member states, which helps empower them to increase their global and inter-regional trade footprint. In 2022, the Bank's portfolio consisted of 69% trade finance loans and 31% project and infrastructure loans, demonstrating its commitment to supporting member states to improve their participation in global and intra-regional trade.

The effects of climate change are far-reaching and can lead to a decline in GDP.

Globally, climate change adaptation and mitigation efforts continue to be insufficient to achieve the Paris Agreement targets.⁶ Within this context, it is important that the Bank continues to align its activities with the Paris Agreement and AU Agenda 2063 and its stated objectives and targets relating to climate change, and that it aims to minimise climate- adverse impacts within its member states. This is essential as the various effects of climate change on energy access, security, agriculture, food security, and socio-economic conditions will contribute

significantly to the decline in growth of GDP in coming years.⁷

The Bank has focused on climate finance actions, including the enhancement of its trade finance products and the strengthening of financial inclusion, to ensure food security within the region, as thematically reported in this year's report.

Considering the importance of climate finance and the need for greening African economies, the Bank is developing a Climate Finance Policy and Strategy to facilitate a more focused approach to mobilising capital and providing financing solutions that are aligned to fighting climate change and its negative impacts on the Bank's member states.

In response to the above challenges, TDB Group follows an integrated approach to economic growth by driving regional integration through the promotion of economic, social, and environmental development.

This approach is defined in the Bank's Charter, Mission, Vision, and Corporate Plan, and is enabled through internal policies and systems. As the Bank pursues its mandate described in Section 1 above, it ensures that sustainability and development impact is embedded into its decision-making processes, internal policies, and governance structures. For this reason, the tools used to achieve sustainable development and impact continuously evolve and adapt. This has included, for example, the creation of the Trade and Development Fund (TDF) and

4 Africa Portal (2022) Africa: Key issues to track in 2022. Available here: [https://www.africaportal.org/features/africa-key-issues-track-2022/#:~:text=Security,-\(Simon%20Wohlfahrt%2FAFP&text=Intra%2Dstate%20conflict%2C%20terrorism%2C,threats%20will%20be%20closely%20observed.](https://www.africaportal.org/features/africa-key-issues-track-2022/#:~:text=Security,-(Simon%20Wohlfahrt%2FAFP&text=Intra%2Dstate%20conflict%2C%20terrorism%2C,threats%20will%20be%20closely%20observed.)

5 TDB calculations based on ITC Trade Map, 2023.

6 Africa Portal (2022) Africa: Key issues to track in 2022. Available here: [https://www.africaportal.org/features/africa-key-issues-track-2022/#:~:text=Security,-\(Simon%20Wohlfahrt%2FAFP&text=Intra%2Dstate%20conflict%2C%20terrorism%2C,threats%20will%20be%20closely%20observed.](https://www.africaportal.org/features/africa-key-issues-track-2022/#:~:text=Security,-(Simon%20Wohlfahrt%2FAFP&text=Intra%2Dstate%20conflict%2C%20terrorism%2C,threats%20will%20be%20closely%20observed.)

7 The World Bank (2023) The World Bank in Africa. Available here: <https://www.worldbank.org/en/region/afr/overview>

the issuance of new classes of shares to facilitate targeted and thematic funding.

Regional integration and inter-regional trade have been identified as drivers of economic growth in Africa and TDB Group seeks to be an enabler of these drivers.

As a result of changing political and economic priorities, industrialisation and economic development in Africa can be driven by regional integration.⁸ TDB Group promotes regional integration and inter-regional trade through trade finance and project and infrastructure finance solutions. Through TDF, the Bank facilitates the process of regional integration by providing the necessary forms of financial support to target underserved segments and to support key infrastructure projects and capacity building.

As a development finance institution (DFI), TDB is well-positioned to promote sustainable development in its member states.

The Group's strategy is therefore to:

1. Support member states in progressing towards the United Nations Sustainable Development Goals (SDGs);
2. Support the implementation of the Paris Agreement and Nationally Determined Contributions (NDCs); and
3. Contribute towards the African Union's Agenda 2063 in creating the "Africa we want".

Within the above context, TDB Group operates with two key intentions, namely to:

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

TDB Group promotes sustainable development across its member states by closely aligning with the following sustainable development initiatives.



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 in particular on developing countries. The Bank assists its member states with their contribution towards meeting SDG targets. When mapped against the specific targets for each SDG, the Group's activities aim to support the advancement of mainly 12 of the SDGs, either directly or indirectly. Further information in this regard is included below and in the appendices.

The UN SDGs cover a number of impact areas and align closely with our impact themes. This year's themes are climate action, support to supply chains, financial inclusion, and infrastructure financing, all of which are of key relevance to multiple SDGs.



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, which is called the Paris Agreement. Its purpose is to combat climate change and adapt to its effects with enhanced financial and technical support for developing countries. The Bank's 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 adequately address the challenges presented by climate change, financing institutions need to enable this transition. At TDB Group, we are part of this enabling effort.

As a financier of renewable energy and technology, we help provide resources to member states to support the Paris Agreement. Further, when financing products such as oil and gas, TDB Group continues to make efforts to holistically understand the positive and negative impacts of its portfolio and investments, and to include the implicit trade-offs as part of its related decision-making processes, balancing urgent short-term needs with climate-aligned long-term investments to ensure a just transition.

Our climate action activities align with the Paris Agreement. Through the Bank's investment in renewable energy, it has assisted communities and societies in the member states to gain access to affordable clean energy, contributing to both SDG 7 and SDG 13.

⁸ African Development Bank Group (2018) Importance of regional and continental integration for Africa's development. Available here: <https://www.afdb.org/en/news-and-events/importance-of-regional-and-continental-integration-for-africas-development-18773>



AFRICAN UNION'S AGENDA 2063

Agenda 2063 is Africa'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".⁹ As a proudly African institution, the Bank seeks, both directly and indirectly, to 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.

TDB Group is a financial services institution for Africa by Africa and, by design, it aligns closely with the impetus of the African Union's Agenda 2063. The Bank has facilitated growth and taken steps towards realising the "Africa we want" through its investment approach and operations. For example, trade and infrastructure financing has contributed extensively to economic resilience and livelihoods, supporting higher-level development objectives and economic growth on the continent.

The Bank designs its projects for the highest level of impact possible by ensuring that, to the extent that it is feasible, a single intervention contributes to as many UN SDGs as possible.

This is done by incorporating sustainability and development impact considerations into its internal operating and investment processes. The Bank's current strategy is aligned to the 12 UN SDGs in Figure 4 below. Appendix 2 details how the outcomes of our Theory of Change (ToC) expect to meet the UN SDGs.

Figure 4: Summary of the UN SDGs to which TDB's ToC aligns



⁹ African Union Agenda 2063: The Africa We Want. Available: <https://au.int/en/agenda2063/overview>



TDB GROUP'S SUSTAINABILITY FRAMEWORK

Photo credits: TDB

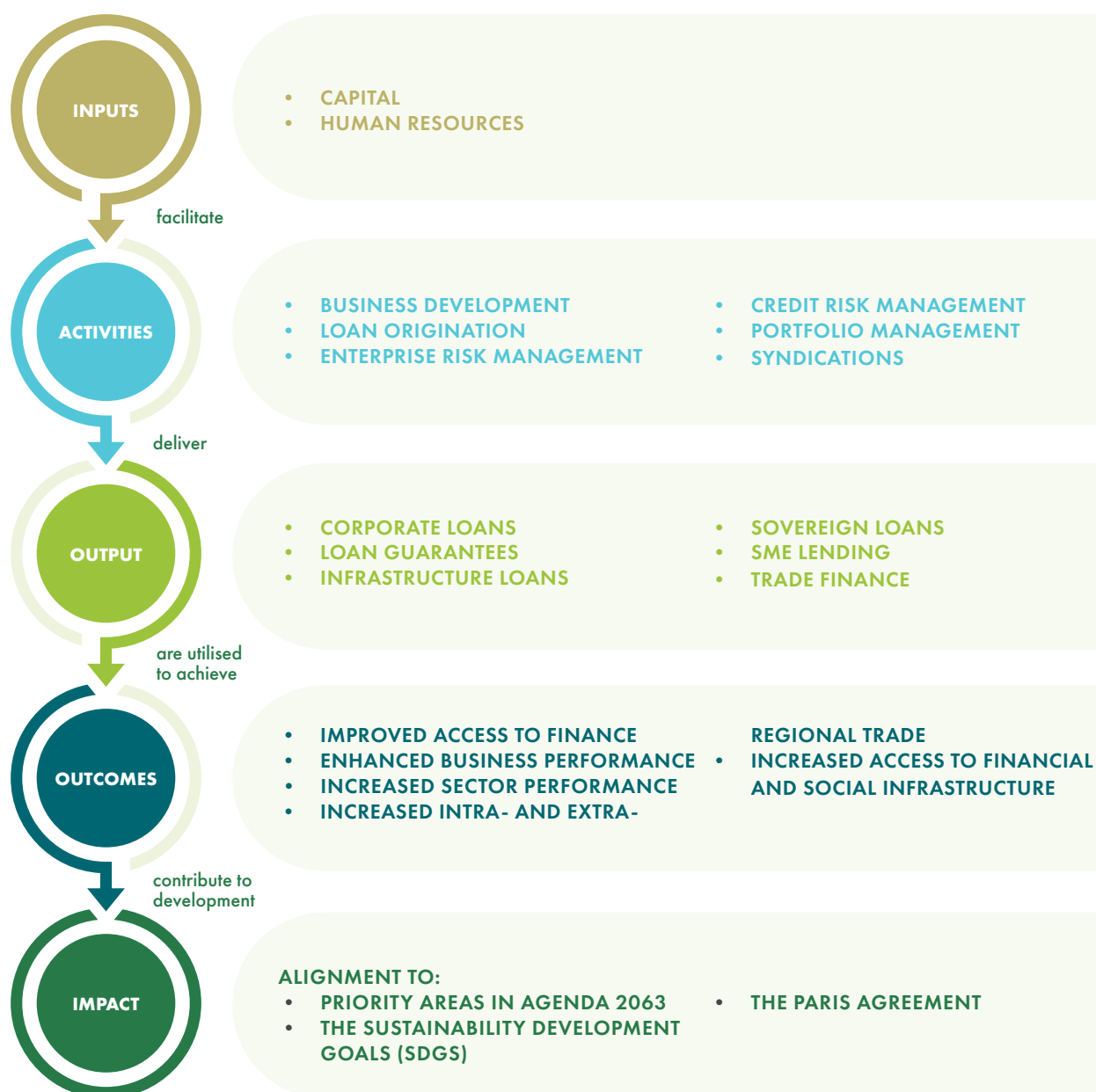
To ensure the alignment of TDB's operations and activities with the SDGs, the Paris Agreement, and the African Union's Agenda 2063, the Bank uses its Theory of Change (ToC), which reflects how it aims to deliver impact, as an analytical framework.

The ToC provides a logical flow between the activities it carries out and how they are expected to result in developmental impact. The current ToC was introduced in the 2019 Sustainability and Development Impact Report and has been referenced in subsequent reports as well. A description of it is given here again as it plays such a foundational role in the Bank's approach to measuring impact.

TDB Group's ToC is represented as an impact pathway or value chain to demonstrate the way in which the Bank's inputs of financial capital and human resources facilitate activities such as loan origination, providing for outputs such as project and trade finance.

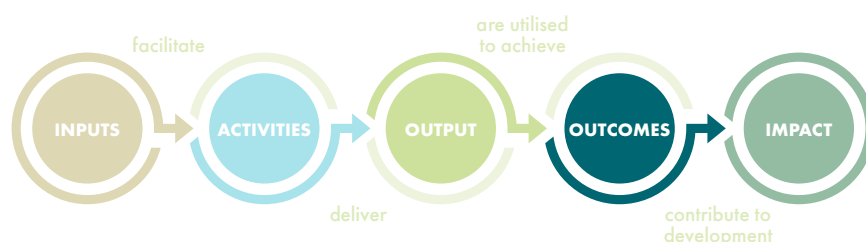
These outputs, in turn, drive outcomes that contribute to sustainable development and, ultimately, to the Bank's impact. The ToC provides the basis for the Bank's impact measurement and management and is informed by its Sustainable Development Impact Monitoring Policy.

In this report, as the Bank explores its thematic impact areas, the structure and language of the Bank's ToC (shown in the image below) will be present, either explicitly or implicitly.



Source: Trade and Development Bank (2021)

TDB GROUP'S DEVELOPMENT OUTCOMES AND IMPACT



In accordance with TDB Group's ToC, the Bank has identified six development outcomes that enable it to demonstrate its contribution towards the three global sustainability initiatives (UN SDGs, Agenda 2063 and Paris Agreement) mentioned above and, ultimately, to illustrate the strategic direction of the impact the Bank has.

These outcomes are reflected in its Sustainable Development Impact Monitoring System (SDIMS) and help drive internal decision-making. They represent the Bank's intended developmental outcomes and provide a logical connection between what the Bank does as a Group and why it does it. In addition, they serve to ensure that all transactions are considered within the context of their intended impact.

A more detailed description of the six development outcomes and their link to the SDGs is given below.¹⁰

OUTCOME 1: IMPROVED ACCESS TO FINANCE

- For corporates, the Bank provides financing that may not otherwise be available to them through commercial banks or that may not be available on terms (including tenors) and conditions that meet their needs
- The Bank's loan guarantees increase the capacity of financial institutions in its member states to provide access to finance for 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. In 2022, TDB Group reported a 12% increase in the number of active SME borrowers from women-owned financial institutions to 8,945 from 7,983 recorded in 2021.

- By operating as lead arranger or as a party to a syndicated loan, the Bank contributes to the structuring and financing of large loans, facilitating the execution of large-scale infrastructure projects and crowding in African and global capital. The development impact of large projects in sectors such as information and communication technologies (ICT), energy, and transportation can be significant in terms of employment generated, tax revenues received, and the number of users or customers reached. The total loans to clients financed by TDB Group as part of a syndicate was up 19% to USD 17.3 billion in 2022 from USD 14.5 billion in 2021. Included in the USD 17.3 billion, the Group acted as a mandated lead arranger of loans worth USD 4 billion, 27% higher than the USD 3.2 billion recorded in 2021.
- By operating as the initial mandated lead arranger or as a syndicate partner in large sovereign loans, TDB Group enables clients to mobilise resources to finance high impact projects across the regions.

ALIGNMENT WITH AGENDA 2063 PRIORITY AREAS

- Agricultural productivity and production
- African capital markets
- Fiscal systems and public sector revenue
- Development assistance
- Partnerships

ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS



¹⁰ See Annexure 1

OUTCOME 2: IMPROVED CORPORATE PERFORMANCE

- Loans to large corporations 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 facilitates an improvement in the environmental performance of enterprises. TDB Group is currently invested in projects with up to eight firms that involve energy efficiency.

- Improved private sector performance can also contribute to higher GDP growth.

ALIGNMENT WITH AGENDA 2063 PRIORITY AREAS

- Incomes, jobs, and decent work
- Education and science, technology and innovation (STI)-driven skills revolution
- STI-driven manufacturing, industrialisation, and value addition
- Biodiversity, conservation, and sustainable resource management
- Water security, climate resilience, and natural disaster preparedness

ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS



OUTCOME 3: INCREASED EMPLOYMENT

- Financing for infrastructure and corporations - and to build export markets - can help to generate temporary jobs during construction and permanent jobs in business operations after that.
- 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. In 2022, TDB Group clients with active loans recorded a 4% increase in full-time employees to 153,290 from 147,707 in 2021.

ALIGNMENT WITH AGENDA 2063 PRIORITY AREAS

- Incomes, jobs, and decent work
- Education and science, technology and innovation (STI) driven skills revolution
- African capital markets
- Fiscal systems and public sector revenue

ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS



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 contributes to the reduction of poverty.
- By financing various projects, TDB Group has increased its reach to farmers as part of a supply chain. The number of farmers reached in 2022 increased by 4.5% to 76,982 from 73,657 in 2021.

ALIGNMENT WITH AGENDA 2063 PRIORITY AREAS

- Incomes, jobs, and decent work
- Poverty, inequality, and hunger
- Social security and protection, including for persons with disabilities
- STI-driven manufacturing, industrialisation, and value addition
- Fiscal systems and public sector revenue

ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS



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 result in enhanced food security and a reduction in hunger.
- Financing of energy projects, particularly clean energy projects, increases national energy security while minimising the increase in GHGs.

ALIGNMENT WITH AGENDA 2063 PRIORITY AREAS

- Incomes, jobs, and decent work
- Education and science, technology and innovation (STI)-driven skills revolution
- Health and nutrition
- STI driven manufacturing, industrialisation and value addition preparedness

ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS



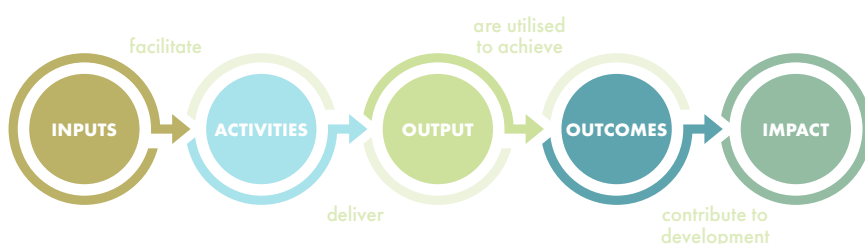
OUTCOME 6: INCREASED EXTRA- AND INTRA-REGIONAL TRADE

- 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 by facilitating trade, but by 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.

<p>ALIGNMENT WITH AGENDA 2063 PRIORITY AREAS</p>	<ul style="list-style-type: none"> • Incomes, jobs, and decent work • Education and science, technology and innovation (STI)-driven skills revolution • Development assistance
<p>ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS</p>	<div> <div> 8 DECENT WORK AND ECONOMIC GROWTH  </div> <div> 17 PARTNERSHIPS FOR THE GOALS  </div> </div>

TDB'S IMPACT RESULTS

Photo credits: Envato Elements



In 2022, the Bank applied its SDMS for the third year, providing it with the opportunity to draw comparisons with consistent metrics from the previous two years and to report on them.

The TDB Group's ToC outlines how inputs and activities translate into outcomes and impact, and this section of the report presents TDB's inputs (as outlined in the ToC), showing how they help to facilitate the corresponding activities and outputs.

INPUT: HUMAN CAPITAL

TDB Group's staff is crucial to enabling and supporting all activities conducted for the purpose of servicing its clientele.

The Bank's ongoing investment in its staff increases its impact potential and creates opportunities in its communities, which was one of its impact goals for 2022. To facilitate this, the Group put incentive programmes into place and these are used to attract top talent. These programmes include retirement contributions, schooling subsidies for dependents, medical aid subsidies, training, and reward and recognition schemes. The Group's staff body is intentionally diverse which it achieves by employing individuals from across its member states. The Group also makes a deliberate effort to maintain diversity and gender

mainstreaming policies as well as to provide equal opportunities.

The Group also invests in its staff through the TDB Academy, which offers research and knowledge building in topics that are relevant to the region.

In 2022, the TDB Academy worked with the People and Organisational Development (POD) Department to carry out professional development initiatives and to build TDB Group's human capital capacity.

TDB Group is an equal opportunity employer.

To secure this, the Bank's internal human resources policies are aligned to diversity and inclusion, gender sensitivity, staff wellness, and health and safety. Staff members also undergo refresher training exercises to ensure that they are continuously sensitised to policy. TDB has also put into place mechanisms that allow staff to report any behaviour that is contrary to the policy.

TDB Group's daily operations are enabled by financial and human capital inputs.

Administration, human resources, legal services, asset management, and other internal functions all enable these operations.

They also enable TDB's core functions which include:

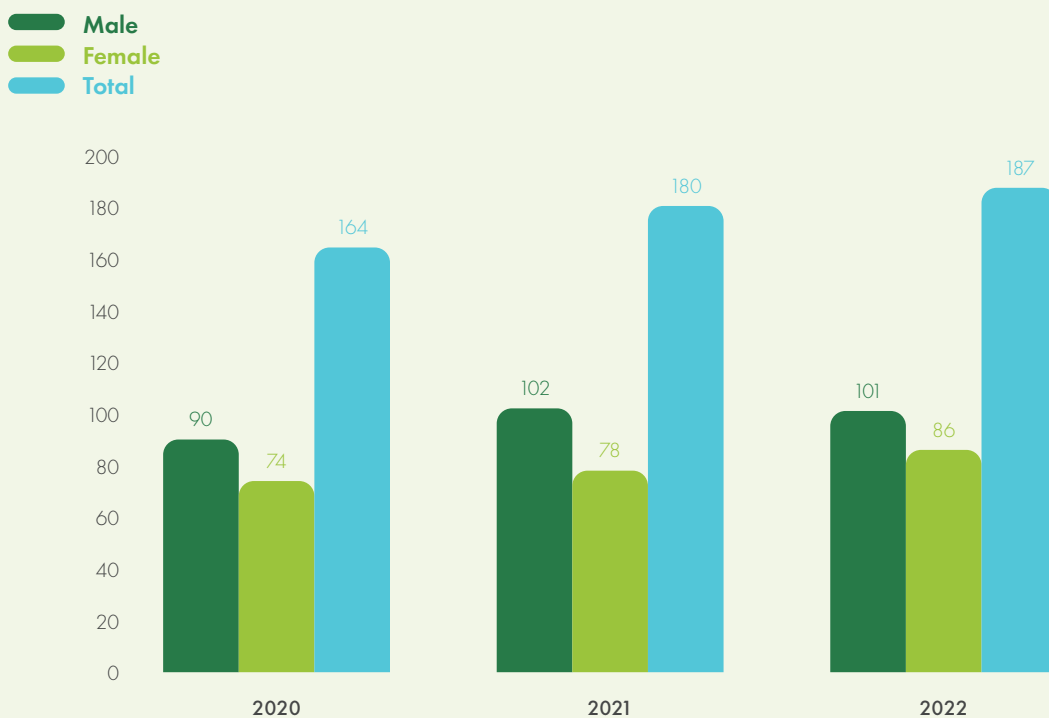
- Loan origination;
- Enterprise risk management;
- Credit risk;
- Portfolio risk management;
- Syndication; and
- Technical assistance.

These activities deliver outputs in the form of trade finance transactions, project and infrastructure loans,

sovereign lending, and syndication facilities, all of which drive TDB Group's core impact mandate.

As at December 2022, the Group employed 187 people, comprising 101 men and 86 women. Figure 5 below shows the percentage split of the staff complement and how it has evolved over time. The Group is particularly proud to have narrowed the gap between the share of male and female employees, and to have increased the number of women working for the Group.

Figure 5: TDB staff by gender



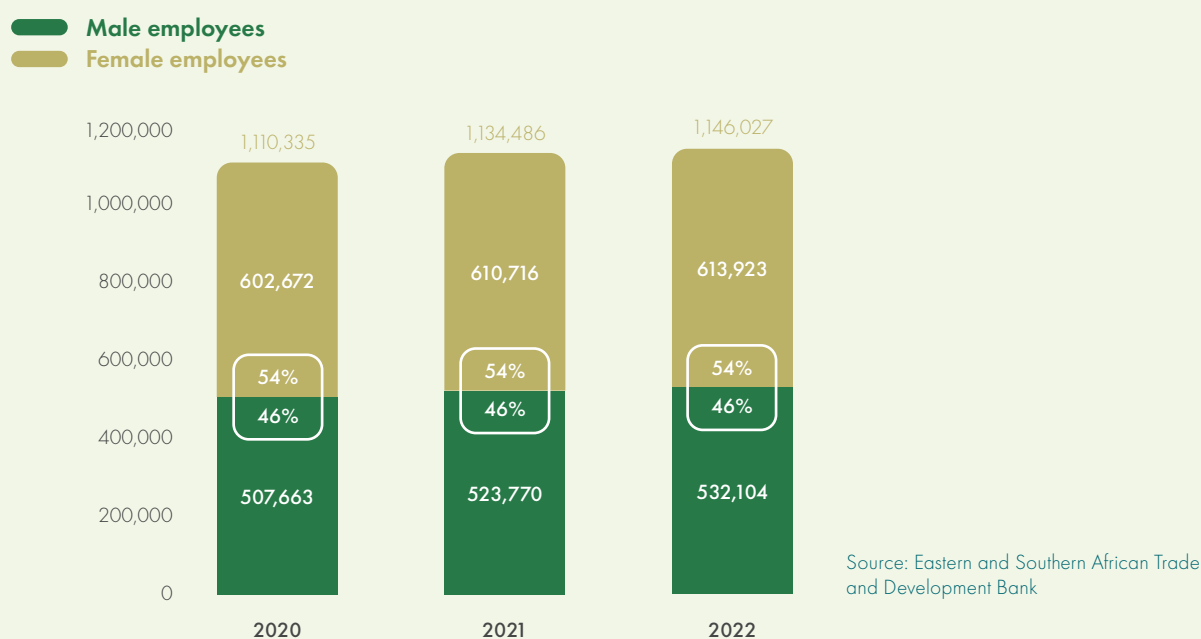
Source: Eastern and Southern African Trade and Development Bank

Over a three-year period starting in 2020, the Bank's female staff complement grew steadily, increasing from 74 to 86 by the end of 2022.

TDB Group is committed to contributing to gender equality in accordance with SDG 5 and to ensuring that communities and societies are uplifted by including more women in the

labour force. TDB Group is also proud of its clients and their contributions to gender equity in the workforce.

Figure 6 outlines the human capital breakdown of direct employment by borrowers according to gender.

Figure 6: Employment by TDB borrowers

Between 2020 and 2022, the Bank's borrowers have consistently employed more female than male direct employees.

In 2022, they had over 80,000 more female employees than male employees. This data shows commitment to gender equality in the communities that the Bank serves. It also demonstrates promising steps towards uplifting communities and society, as studies show that one in four households in Africa is female-headed.¹¹ Increased employment for women correlates directly to less poverty and better communities, both of which are aligned with the UN SDGs. Globally, it has been estimated that if women and men participated equally in the economy, it could add 26% to the global GDP.¹²

INPUT: FINANCE CAPITAL

TDB Group's on- and off-balance sheet loan portfolio has continued to grow.

In 2022, it had a value of USD 6.5 billion. This was a notable increase from USD 5.8 billion in 2020 and USD 6.1 billion in 2021. The quality of TDB Group's non-performing loans also

improved over this period, with the Bank recording a gross non-performing loan (NPL) ratio of 2.89% in 2022, lower than the 2.93% recorded for 2021. The Group's loan portfolio value supports the growth of its member states' economies. Africa is set to outperform all other regions in economic growth in years to come, with the exception of the ASEAN-5 and emerging and developing Asia.¹³ This future growth will be partly attributable to increased investment in infrastructure, supply chains and regional integration to facilitate trade.

TDB Group's total assets were USD 8.4 billion at the end of 2022, representing an increase of 5% from the 2021 period.

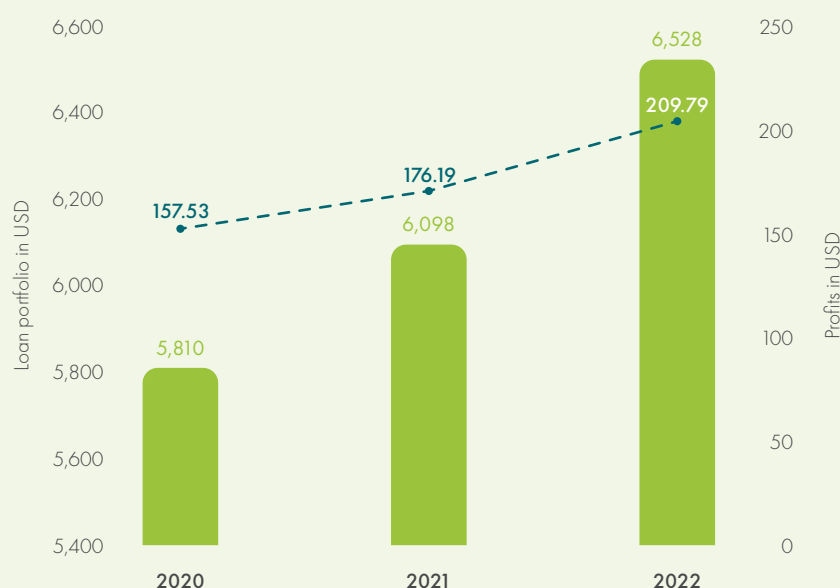
The Bank's total equity increased by 14%. The Group also saw an increase in net profits, which were USD 209.8 million as at 31 December 2022, an increase of 19% from 2021. The Bank's Fitch and Moody's ratings remained stable in the 2022 period, while its GCR rating upgraded its international-scale long- and short-term issuer ratings as well. The figure below illustrates the growth of the Bank's portfolio from 2020 to 2022.

¹¹ Van De Walle, Dominique (2015) Poverty is falling faster for female headed households in Africa. Available here: <https://blogs.worldbank.org/africacan/poverty-is-falling-faster-for-female-headed-households-in-africa>

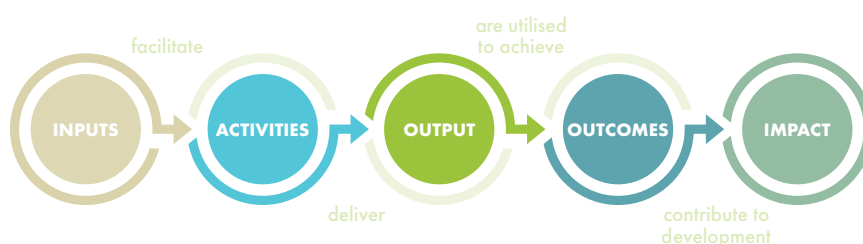
¹² World's economic empowerment, The Organisation for Economic Cooperation and Development (2022) Available here: <https://www.oecd.org/development/womens-economic-empowerment.htm>

¹³ IMF WEO April 2023. Available here: <https://www.imf.org/en/Publications/WEO/weo-database/2023/April>

Figure 7: TDB Group loan portfolio and profit trend over three years in USD million



Source: Eastern and Southern African Trade and Development Bank



TDB Group's inputs of human and financial capital (as described above) enable its 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. The following section outlines how TDB Group's daily activities help it to achieve its outputs including trade finance transactions, project and infrastructure loans, sovereign lending loans, and syndicated facilities.

OUTPUT: TRADE FINANCE

Member states require trade finance to facilitate economic growth by financing intra- and extra-regional trade, trade infrastructure development and supply chain improvement which is in direct alignment with the Bank's mandate and development outcomes.

TDB Group's trade finance offering has contributed to more inter-regional trade opportunities and has uplifted local

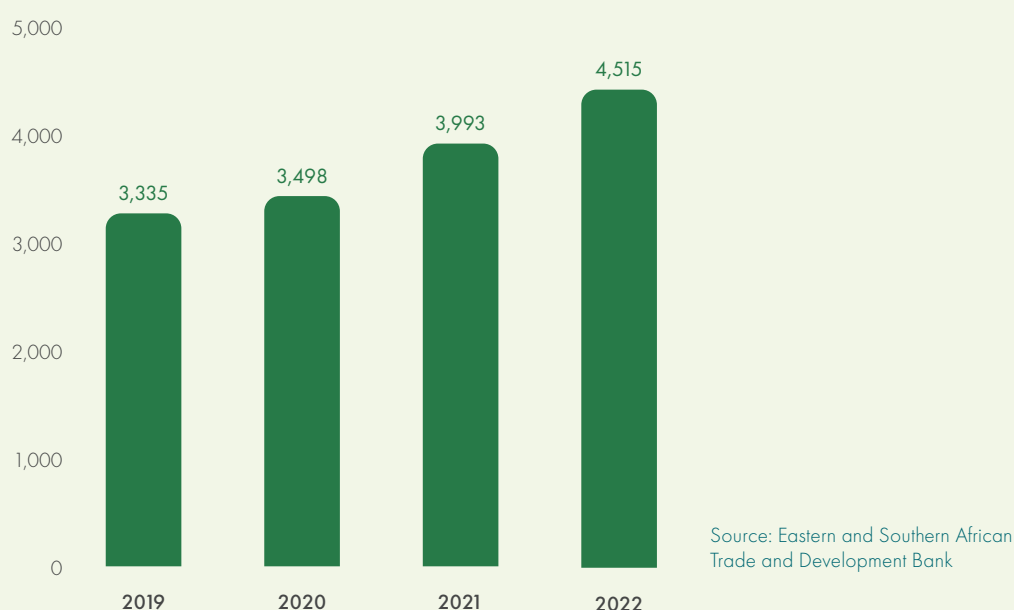
communities by creating opportunities for economic and social development. The Bank's contribution to the preservation of employment for SMEs affected by COVID-19 and supporting smallholder farmers, furthermore, demonstrated our commitment to creating an impact in trade.

TDB Group's trade finance offering provides a short-term finance window which allows exporters to grow their businesses, enhance their value chains, access new markets and uplift the communities in which they operate.

Trade and regional integration are key to the Bank's member states' development mandates. Regional integration and the removal of trade barriers are important in assisting the continent develop. In 2022, strategic imports have contributed positively to the energy sector and food security in the member states.

Figure 8 highlights the Bank's contributions to trade finance activities in 2022.

TDB Group has directly contributed USD 4,514.6 billion to trade activities across different sectors including transport, infrastructure, and energy.

Figure 8: TDB's Trade Finance portfolio in USD million

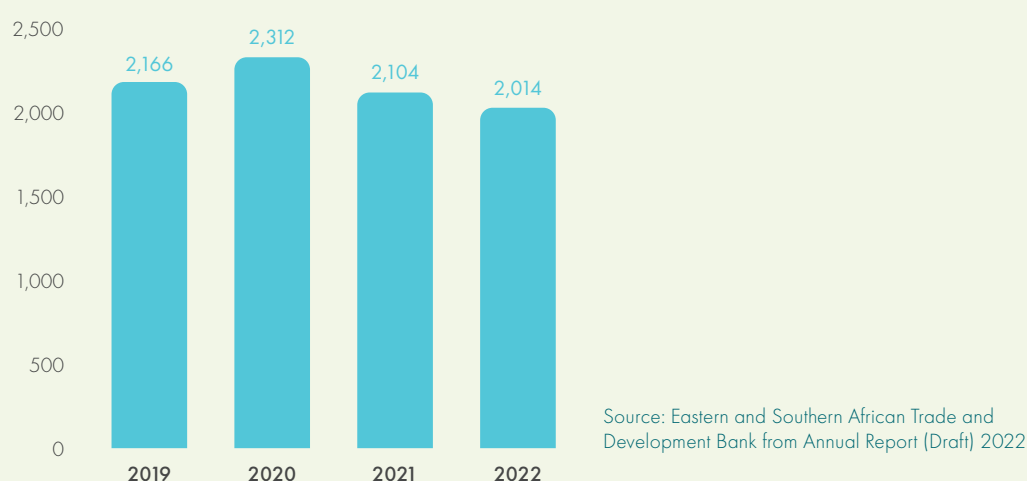
OUTPUT: PROJECT AND INFRA-STRUCTURE FINANCE (PIF)

One of TDB Group's key functions and services to its member states is the financing and co-financing of infrastructure development projects that are impactful and economically viable through medium- and long-term financing transactions.

While the Bank's trade has seen a significant rebound from pre-pandemic levels, it still represents a small share of world trade, and intra-African trade remains below 15%.¹⁴ Reasons for this include a lack of infrastructure that enables trade. TDB Group's project and infrastructure finance offering aims to alleviate this challenge for communities and societies and hence the economies it services.

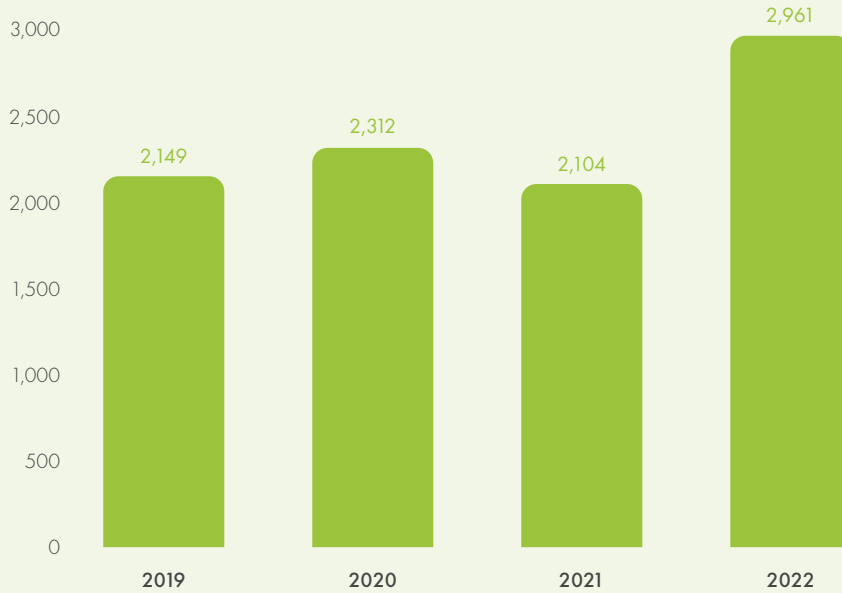
With the Bank's infrastructure financing offering, member states and the companies that operate within them are able to expand to new markets, increase production capacity and strengthen value chains, which directly impacts on the communities in which these companies are operational.

Credit is also provided to financial intermediaries or national development agencies as a means of channelling indirect funding to borrowers who do not qualify for funding directly from the Bank. Most of these borrowers are SMEs. In 2022, the project and infrastructure finance portfolio decreased by 5% and closed at USD 2.0 billion. However, new approvals increased by 17%, providing a positive outlook for growth.¹⁵

Figure 9: TDB Group's PIF portfolio in USD millions

There was also an increase in project approvals since 2021, as reflected in the figure below.

Figure 10: TDB Group's PIF approvals in USD million



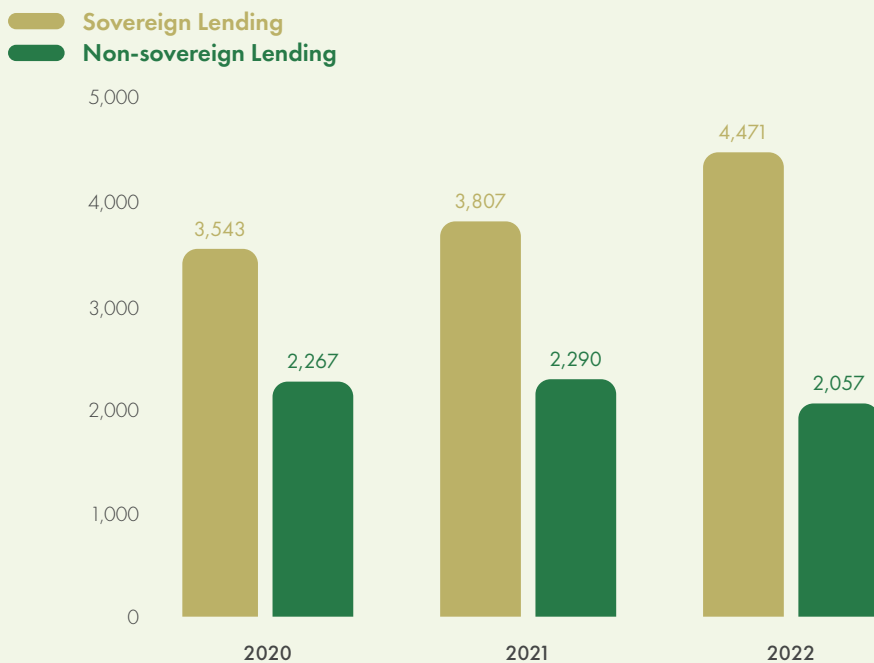
Source: Eastern and Southern African Trade and Development Bank from Annual Report (Draft) 2022

OUTPUT: SOVEREIGN AND NON-SOVEREIGN LENDING

Sovereign lending is an important financing offering, especially in the African context, where it has been used to reduce poverty by financing strategic development projects.

Sovereign lending increased from USD 3.81 billion in 2021 to USD 4.47 billion in 2022, an increase of 17.4%. In contrast, non-sovereign lending decreased from USD 2.29 billion in 2021 to USD 2.1 billion in 2022. Figure 11 below illustrates the trend in TDB's sovereign and non-sovereign lending over the past three years.

Figure 11: TDB Group loan book by sovereign and non-sovereign lending in USD million (2020-2022)



Source: Eastern and Southern African Trade and Development Bank from Annual Report (Draft) 2022

OUTPUT: SYNDICATION

Syndicated loans facilitate the borrowing of large amounts for large projects.

These loans are imperative for enterprises in the Bank's member states due to the large projects they undertake to facilitate economic development and growth. Syndication activities are key to the Bank's ability to create meaningful partnerships with a network of investors in order to increase financing options for member states.

As at the end of 2022, a total of 40 syndicated loans, which service trade-enabling projects and activities, had been administered.

The value of all syndicated loans in issue was USD 17.31 billion as at 31 December 2022, of which TDB Group had contributed USD 3.64 billion. These loans cover a number of industries including agribusiness, manufacturing, energy, ICT, transport, and infrastructure. A summary of TDB Group's syndicated loan book by sector as at the end of 2022 is shown in Figure 12.

Figure 12: TDB's cumulative syndicated loans book by sector (USD million) (2022)



Source: Eastern and Southern African Trade and Development Bank

Table 1: Summary of TDB Group syndicated loans (2022)





Total (USD million)	519	Syndicated loans led or participated in (cumulative)	40
Lead arranger (USD million)	177	Total contributed by TDB Group since 2009 (cumulative)	3,638
Participant (USD million)	342	Total contributed by TDB Group since 2009 as Mandated Lead Arranger (cumulative)	2,526
Invested by others (USD million)	1,563	Total crowd-in by others since 2009, when TDB Group is Mandated Lead Arranger	4,052
Leverage ratio 2022	3.01	Leverage ratio	1.6

Source: Eastern and Southern African Trade and Development Bank

TDB AWARDS 2022

This section highlights some of the awards that TDB Group received from various institutions across the globe in 2022.

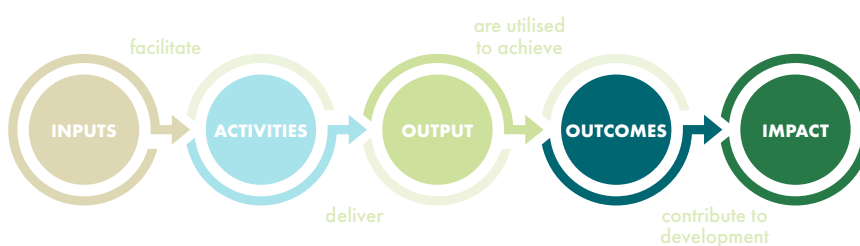
Most of the awards were in recognition of the Group's excellence in providing solutions that speak to our clients' needs as well as of the leading strides the Bank has made in sustainable finance.

ORGANISATION	NAME OF THE AWARD AND RELATED PROJECT
<p>Global Trade Review Leaders in Trade</p> 	<p>Best Development Bank</p> <p>This accolade celebrates TDB's role in driving impact in the region, especially in the facilitation of inter- and intra-African trade by designing solutions that cater to supply chain, forex shortages, and trade finance.</p>
<p>African Bankers Awards</p> 	<p>DFI of the Year Sustainable Bank of the Year</p> <p>The African Banker Awards recognise individuals and banks that are driving Africa's rapidly transforming financial sector. TDB was the only institution to win two awards at the ceremony, which was held in Accra in May 2022.</p> <p>These accolades celebrate TDB Group's continued efforts and its commitment to driving sustainable development in the region through its well-developed ESG framework.</p>
<p>Global Finance: Sustainable Finance Awards</p> 	<p>Outstanding Sustainable Finance in Emerging Markets in Africa Outstanding Leadership in Sustainable Finance by a Multilateral Institution in Africa</p> <p>These awards recognise TDB's achievements through its 'triple bottom-line' approach. By applying this approach, its interventions are designed to have measurable developmental impact and be sustainable in economic, environmental, and social terms.</p>
<p>Global Finance: Trade and Supply Chain Finance</p> 	<p>World's Best Bank for Trade Finance in Frontier Markets World's Best Bank for Trade Finance in Mauritius</p> <p>TDB addresses its member states' trade finance shortages through working capital and other trade finance solutions. Its suite of solutions has contributed to the sourcing of vital goods as well as to enhanced productivity, food security, and energy security. This has led to increased cross-border trade and further resulted in export diversification, industrialisation, technology transfer, and forex reserves in its member states.</p>



TDB'S IMPACT

Photo credits: Envato Elements



This section highlights how the outputs the Bank delivers are used to achieve outcomes and, ultimately, how these contribute to its development impact as envisioned in its ToC.

For each of the Bank's five thematic impact areas, case studies will be used to illustrate how development impact is achieved and how that impact is aligned with Agenda 2063 and the UN SDGs.

A. CLIMATE ACTION: ENHANCING ENERGY SECURITY AND ACCESS, AND CONTRIBUTING TO A JUST ENERGY TRANSITION

Climate change is a threat multiplier, with its impacts being felt disproportionately by the most vulnerable in society, who lack adaptive capacity and therefore resilience to these shocks and climate stressors.

Although Africa is a negligible contributor to climate change (the continent produces approximately 2 to 3% of global

emissions), it is the most vulnerable region in the world,¹⁶ with poverty rates in Eastern and Southern Africa at 36.8% and 45.1% respectively.¹⁷ Despite these challenges, there are many opportunities for investment, growth, and employment, especially in the areas of renewable energy and green mineral extraction and processing. However, decarbonising African economies will be costly and will require substantial investment and support.

In addition, the global shift towards net zero, underpinned by the Paris Agreement and propelled by the concept of a just energy transition, requires an effective renewable energy response from the continent.

However, while Africa accounts for less than 6% of global energy consumption, access to energy and electricity remains a challenge and is preventing economic growth and development.¹⁸ In addition, current financing for a just energy transition is not adequate to meet the needs of the various countries. In order to address these challenges and fulfil its mandate as a bank that promotes sustainable development, enhances energy security, facilitates better access to energy and actively contributes to the just energy transition – TDB Group engages in impact-generating activities under its climate finance action theme.

ENGAGEMENTS AND ACTIVITIES

Over the past year, TDB has been involved in a number of cooperative events to further its sustainability agenda.

For example, climate change was at the centre of discussions at the 5th East African Banking and Microfinance Forum, organised by TDB Group and the European Investment Bank (EIB), which was held in Nairobi. The objective of the summit was to assess and better cater for the investment challenges presented by climate change and its socio-economic impacts in East Africa, as well as to enhance climate finance and resilience.

Other notable activities include:

A DEVELOPMENT FINANCE FACILITY AGREEMENT TO BOOST THE SUPPLY OF MINERALS ESSENTIAL TO THE ENERGY TRANSITION

TDB Group, acting as a mandated lead arranger, closed a syndicated USD 600 million development finance facility agreement with Trafigura in the Democratic Republic of Congo to boost the supply of minerals essential for the just energy transition.

Minerals such as copper and cobalt are key inputs for renewable energy infrastructure and technologies such as wind turbines, generating units, energy storage units, transmission lines, and electric vehicle batteries. The deal also enhances ESG compliance and responsible sourcing awareness and implementation, in line with the International Finance Corporation (IFC) Performance Standards and Organisation for Economic Co-operation and Development (OECD) Guidelines.

This facility will contribute significantly to economic development in DR Congo and will have a positive impact through sustained employment generation and service contracts for companies based in the country.

Not only will this project create jobs in DR Congo, aiding in the alleviation of poverty, it will also help to develop and strengthen the renewable energy supply chains in the country.

THE LAUNCH OF GREEN+ CLASS C SHARES AT COP27

At COP 27, TDB Group, in partnership with the African Development Bank, launched a novel financial instrument

to help catalyse further investment and financing for sustainable development on the continent.

The launch of Green+ Class C shares was a critical step in increasing climate finance flows into the continent, while also leveraging existing finance through the process. This is the first equity instrument of its kind to enable institutional investors to support climate action with risk capital. Every dollar invested will be leveraged up to four times into qualifying projects and transactions. These shares will help to accelerate TDB Group's financial innovation and its contributions towards the Paris Agreement, the African Union's Agenda 2063, and the SDGs.

The Green+ Class C shares build on previous and existing models of green bonds, allowing for TDB to increase its impact in the climate change space through increased flows of climate finance.

The Bank hopes that this type of instrument will be replicated with other financial institutions and development banks in order to expand climate finance and green growth.

These activities all contribute to and align with SDGs 7 (affordable and clean energy), 8 (decent work and economic growth), and 13 (climate action) and have the potential to contribute to the achievement of other SDGs through positive knock-on effects.

TDB Group will continue to build this portfolio of work in the coming years.

FINANCIAL SUPPORT FOR SOLAR ENERGY SOLUTIONS ACROSS AFRICA

These initiatives include providing finance to fund solar energy and hydroelectric projects in order to extend the scale of these projects, enable rural electrification, increase access to electricity, and secure a reliable and consistent supply of electricity for businesses and consumers (more detail on this in the case studies on the next page).

16 AfDB head to tackle climate; Africa needs 'finance and more finance' African Development Bank (2022) Available here: <https://www.afdb.org/en/news-and-events/afdb-head-tackle-climate-africa-needs-finance-and-more-finance-55426>

17 ISS. 2022. The continent will probably miss the SDG poverty target, but the right policies could deliver significant reductions. Available: <https://issafrica.org/iss-today/africa-is-losing-the-battle-against-extreme-poverty#:~:text=Central%20Africa%20has%20the%20highest,36.8%25%20and%2033.8%25%20respectively> 5 Africa Portal (2022) Africa: Key issues to track in 2022. Available here: [https://www.africaportal.org/features/africa-key-issues-track-2022/#:~:text=Security,-\(Simon%20Wohlfahrt%20F&text=Intra%20state%20conflict%2C%20terrorism%2C,-threats%20will%20be%20closely%20observed](https://www.africaportal.org/features/africa-key-issues-track-2022/#:~:text=Security,-(Simon%20Wohlfahrt%20F&text=Intra%20state%20conflict%2C%20terrorism%2C,-threats%20will%20be%20closely%20observed)

18 Brickstone. 2022. Clean Energy Transition in Africa: Major Challenges Faced. Available here: <https://brickstone.africa/clean-energy-transition-in-africa/#:~:text=Level%20of%20Infrastructure%20Deficit%3A%20Many,clean%20Energy%20transition%20in%20Africa>

A close-up photograph of a person's hand, wearing a blue shirt and a ring, pointing at a solar panel. The panel is dark with a grid of white lines. The background is a bright, sunny sky.

CASE STUDY 1

Photo credits: Envato Elements

FINANCING SOLAR ENERGY SOLUTIONS THROUGHOUT AFRICA FOR D.LIGHT DESIGNED LIMITED (D. LIGHT)



YEAR OF THE PROJECT
2022



TENURE
6 years



PRODUCT TYPE
**Infrastructure
Loan**



RELEVANT SECTORS

- **Energy**
- **Infrastructure**
- **Financial inclusion**

SUMMARY OF IMPACT

- Provided d.light with enough capital to transform the lives of 1 billion people with sustainable products by 2030.
- Improved access to clean energy. To date, the company has served a total of 44,899 customers (of which 31,198 have been women) in the three countries (Kenya, Tanzania, and Uganda). This will have a direct impact on economic and social development.
- Supported employment opportunities. This project has created both direct and indirect employment opportunities for over 4,413 people.
- Reduced the use of kerosene in the region by encouraging the use of solar solutions.
- Increased the variety of solar-powered devices, such as mobile phones and televisions, available to consumers.
- Decreased CO2 emissions due to clean energy technology.



Photo credits: Envato Elements

**D.LIGHT**

TDB Group has been financing renewable energy products in the region it serves for many years, including those using wind, solar, hydro, and other sources.

Financing off-grid solar home systems is aligned with TDB's climate strategy and its continued engagement with private enterprises, which is aimed at financing clean energy infrastructure across the region.

Lack of access to energy continues to hinder social and economic development in Africa.

TDB, along with a consortium of lenders including Mirova SunFunder and the Dutch Development Bank (FMO), has extended a USD 50 million loan facility to d.light, a leading provider and manufacturer of clean energy products designed to support the development of renewable energy spaces. d.light's solar initiatives include a pay-as-you-go (PayGo) consumer finance business model, which facilitates access to energy supply for the most vulnerable off-grid users.

This innovative PayGo system has helped improve financial inclusion by eliminating the need to purchase renewable energy devices outright.

A down payment of KES 1,000 is required to purchase a device and, thereafter, the balance owing can be

repaid in 18 to 24 monthly installments. The project has proved successful in that the recovery rate for financing provided is over 95%. In the event of a payment default over a sustained period, the devices can be taken back, refurbished, and sold on to others under a similar arrangement.

The success of the project can be attributed to the early identification of a potential area of impact, effective implementation, and robust monitoring and evaluation

This is achieved through frequent site visits and meetings with the team in order to track progress, as well by using a system that monitors information and data consistently. This has, in turn, enabled consistent and iterative improvements and learnings throughout the lifespan of the project.

The investment will help the company to reduce risks to its balance sheet by increasing its resilience to local financial shocks. This will ensure that it can continue to service its customers by providing off-grid solar lighting products in affordable installments using various mobile payment options.



Photo credits: Spark Possibilities

Photo credits: Spark Possibilities

CASE STUDY 2

INCREASING ACCESS TO ELECTRICITY BY SUPPORTING SUNSPOT ENERGY KENYA LIMITED (OPERATING AS SPARK POSSIBILITIES)



YEAR OF THE PROJECT
2021



TENURE
2 years



PRODUCT TYPE
Infrastructure Loans



RELEVANT SECTORS
• **Energy**

SUMMARY OF IMPACT

- Power supply to communities living in off-grid areas. As a result of this project, 9,500 households had received access to power as of 2022. As a result of this new facility, an estimated 40,000 individuals will gain access to power, which will have a direct impact on social and economic development.
- Contributions to the achievement of SDG 7, which aims to ensure access to affordable and sustainable energy, especially for consumers living in areas where there is no power supply infrastructure.
- Direct and indirect employment generation. To date, the project has created over 1,300 jobs, with approximately 520 of these jobs being held by women. Further, access to power enables the potential for economic development as new economic opportunities can be explored.
- This project will contribute towards a reduction in CO² emissions. It has been estimated that 2,3000 tons of greenhouse gas emissions were off-set by 2022.



Photo credits: Spark Possibilities



SPARK POSSIBILITIES



TDB Group's energy portfolio aims to increase community and households access to electricity and, in turn, to help generate sustainable economic activity.

The facility to Spark Possibilities directly contributes to outcome 2, namely increased employment, and outcome 4, namely increased access to social and economic infrastructure, primarily through energy security. The indirect impacts of this project include both outcome 5, improved strategic sector performance, and outcome 6, an increase in intra- and extra-regional trade. By creating access to electricity for both households and communities, productive activity will increase.

Sunspot Energy Kenya Limited is a second-generation off-grid solar energy distribution company that sells pay-as-you-go solar home systems to customers in both rural and semi-rural communities in sub-Saharan Africa.

It has targeted Western Kenya in particular as it provides services to customers in 12 communities there. TDB has acted as an arranger, agent and security agent for Sunspot Energy, providing a facility of up to USD 4.2 million to support this initiative. The current offering includes a 75W PV panel and battery which can power a 24" and 32" inch digital TV, LED lamps and other appliances such as torches and radios.



CASE STUDY 3

Photo credits: Rift Valley

Photo credits: Rift Valley

EXPANDING RIFT VALLEY ENERGY TANZANIA'S (RVET) RENEWABLE ENERGY PORTFOLIO



YEAR OF THE PROJECT
2018



TENURE
13 years



PRODUCT TYPE
Corporate Loan



RELEVANT SECTORS

- **Energy**
- **Infrastructure**
- **Agribusiness**
- **Financial inclusion**

SUMMARY OF IMPACT

- This expansion will allow for greater rural electrification by increasing capacity and improving the stability of the grid as well as by providing better connectivity for seven rural villages and sub-villages in the vicinity of the project. This supports the government of Tanzania's goal of increasing access to electricity for rural customers, increasing electricity usage per customer, and supporting industrialisation in the agriculture sector.
- The project will also improve access to electricity for local communities, with it aiming to cater for approximately 35,000 people living around the project sites and with the expansion of the rural distribution network into the Kihansi Basin.
- It will allow for the use of cleaner forms of energy. Luponde Tea factory was previously operating on diesel.
- Clean energy will be provided to schools and health centres. This will help to extend teaching hours, introduce IT into the curriculum, and ensure healthcare facilities and clinics can serve their communities effectively. The intention is also for this to improve the performance of schoolchildren due to improved standards of living in rural areas.



Photo credits: Rift Valley



RIFT VALLEY CORPORATION



SUMMARY OF IMPACT (CONT'D)

- Direct employment will be created for approximately 200 people, with more jobs being created indirectly due to additional income-generating activities that have emerged given improved access to energy.
- Economic development and skills transfer as the expertise and technology needed in construction of this project will be transferred to local people. Further, less budget will be needed to run generators and purchase diesel and/or heavy fuel oil, adding to foreign currency savings and redirecting expenditure into other economic sectors.
- Reduced CO² emissions. The existing hydro power plant is the first private, UNFCCC-registered, Clean Development Mechanism (CDM) project in Tanzania. It generates approximately 100,000 Certified Emissions Reductions (CERs) over a seven-year crediting period.

Facilitating access to renewable and sustainable energy is a key priority for TDB.

This project aligns with its triple bottom line approach of ensuring that investments make economic sense, are sustainable, and do no harm to the environment.

TDB Group acted as a catalyst for development by providing a corporate finance loan of USD 12 million to Rift Valley Energy Tanzania (RVET) to help finance the expansion of its renewable energy portfolio by 7.95MW.

Rift Valley Energy is a Zimbabwean-based company that specialises in developing, owning, and operating renewable energy projects in Eastern and Southern Africa. The completion of this project will result in an expansion of RVETs portfolio to 11.95MW of renewable energy.

When fully implemented, this investment is expected to generate 61.8GWh per annum, which will be purchased by Unilever and TANESCO under a signed 25-year Standardised Power Purchase Agreement (PPA) (for TANESCO) and a 10-year off-grid PPA (for Unilever).

TANESCO, Tanzania's electricity supply company, aims to attract investors and businesses operating in the country, such as Unilever, which has a tea factory there, by securing and enabling a steady supply of power for business operations to run smoothly. This project will help to attract other businesses and investments into the country through increased reliability of electricity supply.



Photo credits: SM Hydro Limited

Photo credits: SM Hydro Limited

CASE STUDY 4

TDB GROUP PROVIDED A SEVEN-YEAR PROJECT FINANCE FACILITY TO SM HYDRO LIMITED



YEAR OF THE PROJECT
2018



TENURE
7 years



PRODUCT TYPE
Infrastructure Loan



RELEVANT SECTORS

- **Energy**
- **Infrastructure**
- **Industry**
- **Financial Inclusion**

SUMMARY OF IMPACT

- Employment opportunities. The company has a total of 156 employees, 137 of whom are from the local community and eight of whom are women.
- Improved housing through relocation for local communities.
- Increased electricity supply, stability, and industrial and socioeconomic growth. The project will add approximately 36.5 gigawatt hours per annum to the national electricity grid, helping to catalyse the development of industry. Improved access to electricity has also benefited small businesses, including those that are women-owned.
- This project will contribute towards the reduction of CO₂ emissions by 14,480 metric tonnes per annum with projected deforestation offsetting 12,220 metric tonnes of wood per annum.
- Fewer thermal diesel and heavy fuel oil (HFO) generators will be required resulting in higher foreign reserve savings and the redirection of funds into economic activities.



Photo credits: SM Hydro Limited

SM HYDRO LIMITED



Financing hydro projects such as the SM Hydro Limited project aligns with TDB Group's overall climate strategy and aims to catalyse additional investment and scale through power purchase agreements as well as to create a more stable and sustainable power supply in Uganda.

In 2018, TDB Group provided a seven-year project finance facility of USD 11 million to SM Hydro Limited, a privately owned company established in 2007 that operates primarily in electricity, gas, and water.

The facility, was granted to finance the Muyembe 6.9 MW run-of-the-river small hydro project.

The power generated will be sold to the national utility company, the Uganda Electricity Transmission Company, through a 20-year take-or-pay power purchase agreement, making the project sustainable.

In addition, various large-scale industrialisation projects are planned in the surrounds of the project location (districts of Bulambuli and Kapochorwa in Eastern Uganda).

This project created employment during the construction phase and about twenty people have been employed as operators since construction was completed.

Most workers were sourced from the local community

and were provided with on-the-job training to improve their skills. The local community was resettled as part of the project and SM Hydro ensured that they were provided with better housing than they had previously had.

Although this project is located in a rural area, the plant contributes to grid stability, helping the socio-economic development of the area.

In particular, there has been a positive impact on small businesses, many of which are women-led SMEs.

Throughout this process, SM Hydro has followed a responsible approach to water resource management and quality control for downstream communities and has paid close attention to ecological management to ensure that the project will have no adverse environmental impact.

TDB also ensures that all projects are compliant with local regulations and the Bank's ESG standards. A dedicated ESG team was therefore assigned to this project in alignment with TDB's requirements.

B. SUPPORT FOR SUPPLY CHAINS AND FOOD SECURITY THROUGH TRADE FINANCE

Resilient supply chains and food security remain particularly important to Africa's development in a post-COVID world.

Access to quality food is fundamental to human life. Secure access to food can and will therefore result in wide-ranging positive impacts including economic growth, job creation, and poverty reduction.

Through trade financing activities, the Bank has helped improve the quality of life for communities in member states, accelerate economic growth, create jobs, and improve local industries.

These trade facilities have helped provide commodities that improve food security, which include agricultural inputs and products such as wheat, sugar, and fertilisers.





Photo credits: Export Trading Group

Photo credits: Export Trading Group

CASE STUDY 5

USD 100 MILLION FINANCING TO THE EXPORT TRADING GROUP TO SUPPORT SMALLHOLDER FARMERS IN AFRICA



YEAR OF THE PROJECT
2022



TENURE
3 years



PRODUCT TYPE
Trade Finance



RELEVANT SECTORS

- **Trade**
- **Infrastructure**
- **Agribusiness**
- **Financial inclusion**

SUMMARY OF IMPACT

- Increased food security through the export and import, management, infrastructure and processing investment, and multinational presence.
- Development of the agricultural sector by investing in smallholder farmers, notably women, and helping to increase crop production.
- Improved sustainability for individual farmers and farming groups through market access, training, and predictable demand.
- Mitigation of supply chain disruptions by bridging the trade finance gap on the continent and in the region.



Photo credits: Export Trading Group



AGRI COMMODITIES AND FINANCE FZE-LLC (ACF)



TDB extended a USD 100 million trade finance facility to Agri Commodities and Finance FZE-LLC (ACF), a subsidiary of the Export Trading Group (ETG), one of the largest agricultural supply chain operators in Africa.

ETG is domiciled in Mauritius and operates across the African continent as well as in Dubai, Europe, and the Americas. As such, it has extensive reach and multinational impact. This includes significant investment in - and management of - infrastructure relating to warehousing, processing, and logistics. As a result, the Group is well set up for both the import and export of agricultural commodities, helping to ensure food security and mitigate shocks in the food system.

TDB's facility is used to finance the importation of fertilisers and agricultural inputs, such as seeds, which are vital to smallholder farmers.

These are important in increasing crop production and yields in several member states where ETG operates. ETG is the largest importer of fertiliser in sub-Saharan Africa and follows a direct engagement model, targeting smallholder farmers and farmer groups or cooperatives for the receipt of inputs and training on sustainable agricultural practices, which in turn strengthens the existing groups. They are then able to source agricultural outputs from the farmers, providing them with market access, a degree of price security, and more predictable incomes. According to interviews conducted with those close to the project, many farmers working with ETG start to view themselves as small agribusinesses, not just small-scale farmers.

The facility also supports ETG's purchase of sesame, coffee, cocoa, soybean, and cashew nuts for export from many smallholder farmers in member states.

In this process, ETG often specifically targets more vulnerable communities, including women. One indicative example is the Village Savings and Loans Association Programme, which works directly with 130 existing community groups (with an emphasis on women) to provide access to agricultural inputs on credit without collateral. Another example comes from the cocoa supply chain, within which there are a number of projects the ETG Sustainability team works on. These are focused on nature and communities and include the Beyond Beans partnership, which is a high-impact programme run by ETG in collaboration with government agencies, partner companies, and NGOs.¹⁹

In a region in which the majority of employment is in agriculture, 285,000 smallholders are expected to benefit from value chain integration and 350,000 from training in good agricultural practices through various initiatives enabled by this facility.

The facility will also contribute to alleviating the impact of current supply chain disruptions, escalating inflation, and the urgent need for agricultural inputs and food across the region, as well as bridging the trade finance gap on the continent. It will further facilitate intra- and extra- regional trade flows, and boost forex revenues, to the benefit of member states' balance of payments.

MULTINATIONAL

¹⁹ Beyond Beans website. Available here: <https://beyondbeans.org>



CASE STUDY 6

Photo credits: Pyxus Agriculture Limited

Photo credits: Pyxus Agriculture Limited

SECURED PRE-SHIPMENT AND EXPORT FINANCE REVOLVING FACILITY FOR PYXUS AGRICULTURE LIMITED, MALAWI (PAM)



YEAR OF THE PROJECT
2021



TENURE
1 year



PRODUCT TYPE
Trade Finance



RELEVANT SECTORS

- **Trade**
- **Infrastructure**
- **Agribusiness**
- **Financial inclusion**

SUMMARY OF IMPACT

- Job creation and empowerment. Pyxus employs 4,243 people (2,262 women) during the high season and 2,534 workers in the low season (1,191 women).
- Shift from Malawi's high dependence on tobacco. Currently, tobacco generates approximately 80% of Malawi's export revenues and PAM's efforts contribute to efforts to shift Malawi's high dependence on tobacco as a source of employment and foreign exchange. About 20% of smallholders in Malawi already grow maize, beans, groundnuts, and soya and they play a significant role in household income and food security.
- Training. Pyxus has trained 6,417 small scale farmers and 5,730 farmers' clubs in sustainable agriculture practices.
- Reduction of ecological footprints. Forests are known to absorb carbon from the atmosphere and this goes a long way in curbing the effects of global warming. As such, PAM's reforestation efforts contribute to green goals.



Photo credits: Pyxus Agriculture Limited



PYXUS AGRICULTURE LIMITED



Pyxus Agriculture Limited, Malawi (PAM), is a subsidiary of Pyxus Agriculture Holding Ltd (PAHL), a UK-based company responsible for the Value-Added Agriculture Product (VAAP) division of the Pyxus International Inc. group.

The value-added agricultural business is an initiative of Pyxus Group, which aims to diversify from tobacco, which is its main source of revenue in Africa, and to increase production of alternative agricultural products, notably cash crops for export markets. This will help to increase farmers' incomes, improve access to markets and, at the same time, provide food security in the countries of operation. Additionally, PAM is seeking to help Malawi as a whole to diversify its production in the hope that this will also generate much-needed forex for the country.

PAM aims to identify non-tobacco crops that farmers can grow in a sustainable, fully traceable and responsible manner using their expertise and extensions services.

As the company's contracted farmer base continues to grow the yields of its non-tobacco crops, PAM is actively working to build the value-added processes that will support the diversification of the farmers' incomes.

In many cases, this has been enabled through leveraging the existing systems, processes, and relationships already in place as a result of their tobacco operations. The non-tobacco efforts build on this and include working through PAM's agronomy department with farmers – and farmer clubs or cooperatives – to provide training on increasing

productivity and improving crop handling, especially post-harvest. In the case of ground nuts, good pre- and post-harvesting practices are particularly important because it helps farmers to prevent the occurrence of aflatoxins, which is a common challenge. By keeping the farmer at the centre of the strategy, PAM provides customers with sustainable and traceable agricultural products, inputs, and services.

The USD 10 million Secured Pre-shipment and Export Finance Revolving Facility Agreement was signed on 15 December 2021 between Pyxus Agriculture Limited (the borrower), Pyxus International Inc. (the parent company), and TDB.

The facility became effective on 6 January 2022 and continues to perform well. The purpose of the facility is to support PAM's diversification efforts by enabling the company to purchase and process commercial grains such as groundnuts, groundnut seeds, soya beans, seed maize, beans, maize, and horticulture products such as onions, potatoes, and butternut.

Additionally, PAM undertakes significant reforestation efforts as part of Pyxus's larger reforestation programme.

PAM provides seedlings to farmers and trains those with enough land available to plant trees. In 2021, Pyxus planted 826,786 trees.

C. PROMOTING FINANCIAL INCLUSION, ACCESS TO FINANCIAL RESOURCES, AND VALUE CREATION TO SPUR ECONOMIC GROWTH

TDB plays an important role in promoting financial inclusion, access to financial resources, and value creation to spur economic growth in its member states.

This is done by working closely with local financial institutions through the provision of funding using various financial instruments such as lines of credit (LOC), structured finance, and guarantees. In carrying out this role, TDB contributes to the following SDGs.



PART A: PROMOTING FINANCIAL INCLUSION AND ACCESS TO FINANCIAL RESOURCES

The Bank creates impact in financial inclusion by working with:

1. FINANCIAL INSTITUTIONS THAT SUPPORT SMES

As of 31 December 2022, TDB Group had disbursed a cumulative sum of USD 229 million to 20 financial institutions.

The Bank has provided facilities to FIs in the following member states: Burundi, the Democratic Republic of Congo, Ethiopia, Kenya, Mauritius, Mozambique, Rwanda, Tanzania, Uganda, Zambia, and Zimbabwe. Efforts are underway to underwrite more FI business across the remaining member states.

2. NON-FINANCIAL INSTITUTIONS THAT OFFER INPUT CREDIT TO SMALLHOLDER FARMERS AND PORTABLE SOLAR HOME SYSTEMS PRODUCTS UNDER THE PAYGO AND AGRICULTURAL EXPORT COMPANIES

TDB Group disbursed a total of USD 22.1 million to portable solar home systems companies. These companies allow the lessee to pay for the assets using a PayGo model.

In this way, the company allows beneficiaries to use the asset while paying instalments over an agreed repayment period using mobile money transfer solutions. This financing arrangement helped 44,008 households in Uganda and Tanzania to access off-grid electricity using solar home systems from June 2022 to December 2022. Cumulatively, 79,979 households had been provided with solar home systems as of December 2022.

TDB Group also offers revolving trade financing facilities to institutions in the agriculture sector that work with smallholder farmers.

These institutions provide fertiliser, seeds credit, and other advances to smallholder farmers. The farmers pay the loans upon delivery of the equivalent value in agricultural produce. The average outstanding advance to farmers in Zambia, Tanzania, and Malawi between 2021 and 2022 was USD 10.9 million. Approximately 24,545 farmers have benefited from input credit advances arrangement.

PART B: VALUE CREATION

As at December 2022, TDB Group's total loan portfolio across various sectors was USD 6.5 billion.

Through direct lending, on-lending, and investing the Bank has created significant value in its member states including in women empowerment, job creation, food security, energy security, regional integration, financial inclusion, ICT development, and foreign currency stability. The Bank creates value both directly through its financial intermediation role and indirectly through the project or transactions funded by the Bank.

As a financial intermediary, the Bank has increased resources leveraged in syndicated facilities.

By the end of December 2022, the cumulative total loan resources to clients financed through syndication with TDB Group as a participant was USD 17.3 billion, 19% more than 2021 at a crowd-in ratio of USD 4.76 for every USD 1 invested by the Bank. Table 2 below shows a cumulative sector contribution by the borrowers on TDB Group's Portfolio as of December 2022.

Table 2: Cumulative sector contribution by the borrowers on TDB Group's Portfolio as of December 2022.

SELECTED IMPACT METRICS	AS AT DECEMBER 2022
Education (Increase in children intake) Peterhouse	80
Electricity generation (MW)	832
Health service (Number of beds)	1,617
Hospitality (Number of hotel rooms)	1,628
Households provided with access to electricity through off-grid energy solutions	79,979
ICT (Fibre Optic Km)	5,046
Jobs for men	532,104
Jobs for women	613,875
Number of jobs created/sustained by borrowers	1,146,027
Real Estate (Rental space in sqm)	142,265

Source: Eastern and Southern African Trade and Development Bank

In addition, the Bank has continued to support member states in the importation of essential commodities such as fertiliser, wheat, sugar, sunflower, sugar, and fuel.

These are critical in economic development and for overall social welfare. Further, the Bank's financial interventions have supported member states in critical balance of payment and forex mismatches.

CASE STUDY 7

Photo credits: Bancobu

FINANCING FOR SMEs AND THE FACILITATION OF IMPORTS IN BURUNDI



YEAR OF THE PROJECT
2020 to date



TENURE
3 years



PRODUCT TYPE
SME Lending



RELEVANT SECTORS

- Trade
- Infrastructure
- Agriculture
- Imports
- Financial Inclusion

SUMMARY OF IMPACT

- TDB Group's intervention successfully addressed the gap in foreign exchange currency, thereby expanding its capacity and service offerings and fostering the growth of critical exports. Crucial support was extended to SMEs and farmers, leading to a noticeable increase in the number of SMEs involved in the provision of fertiliser, sugar, and mining sector equipment. All these commodities have received approval from the central bank, further enhancing the importance of these transactions in facilitating imports and exports within the region.
- Support the increase of Burundi's export capacity in agriculture and economic growth. Export base for Burundi is limited due to the landlocked state of the country as well as a largely undiversified export capacity, based mainly on agriculture. Annually BANCOBU has a pipeline of facilities for strategic imports and exports. Subsequently, the facility from TDB has contributed to increased exports which translate to FX generation and economic growth.
- Facilitate trade in key industries. Burundi's agricultural sector is an essential source of growth, contributing 40.7% to the country's GDP, more than 80% of the workforce and about 70% of export revenue but due to scarcity of foreign currency to expand its capacity, BANCOBU has not been able to service part of its growing pipeline to support critical exports. The TDB loan has to some extent facilitated financing SMEs and farmers.
- Women empowerment. The BANCOBU facility supports the agriculture sector, which employs 80% of Burundi's workforce, the majority of whom are women.
- Employment creation. This has occurred indirectly through the support of agricultural exporters and the expansion of SMEs.
- Regional Impact. The facility has enabled the importation and export of goods across the region, and Burundi's major counterparties are Tanzania and Kenya, which are also TDB member countries.



Photo credits: Bancobu

Bancobu

COMMERCIAL BANK OF BURUNDI (BANCOBU)



SUMMARY OF IMPACT (CONT'D)

- Regional Impact (cont'd). The trade products offered under the transaction are also part of TDB Group's strategy to support trade finance transactions in its member states to facilitate imports, exports and regional integration.
- Commitment to improving financial inclusion in Burundi. BANCOBU has initiated various incentives to improve financial inclusion in the country. With 49 branches, the bank has the widest banking and branch network in the country and is represented in all 18 provinces. In addition, BANCOBU is the leader in digital transformation and innovation in Burundi's banking industry. The development of a platform that allows for banking transactions that were traditionally done through physical interaction has allowed for these to be digitised, extending reach and accessibility and helping to reduce costs. The funding will contribute to BANCOBU realising its objectives in improving the banking sector.
- Foreign exchange generation. The underlying transaction contributes to TDB's diversification strategy by enabling geographic and sector diversification to one of its member states. For TDB, this has been an opportunity to develop a strong correspondent relationship in order to create diversified business development opportunities and provide the much-needed foreign exchange to a market that is constrained. TDB will provide US dollar funding, which is not readily available in the market, and which has previously limited BANCOBU's ability to grow and service its exporting clientele. By accessing funding from TDB in hard currency that is scarce in the market, BANCOBU has increased its capacity to serve its clients, particularly in the marketing for exports.

The Commercial Bank of Burundi (BANCOBU) is the leading commercial bank in Burundi with a 24% domestic market share.

With 60 years of operation in the industry, BANCOBU offers a wide range of financial products and services to retail, commercial, and corporate clients and strives to provide superior financial solutions and to facilitate growth and investments in the main sectors driving Burundi's economy namely retail, agriculture, real estate, and infrastructure. In December 2020, TDB approved a USD 10 million trade finance loan which was further increased to USD 35 million in February 2023.

Key stakeholders were engaged to participate in this project. The transaction encompasses two main aspects: firstly, a trade loan aimed at providing financing support to SMEs and, secondly, a trade finance loan facilitating the importation of fertilisers and other commodities.

This transaction holds significant developmental impact. The SME sector is key to Burundi's objective of developing a strong and competitive economy, as this sector generates revenue for the government, creates new employment opportunities, and reduces unemployment, poverty, and income inequality.

As part of its strategic direction, TDB Group is actively seeking to diversify its portfolio beyond traditional export and import financing.

The organisation constantly adapts its offerings to provide relief through financing to the country, aligning with its commitment to support economic growth and development.

D. INFRASTRUCTURE FINANCING TO SUPPORT ECONOMIC RESILIENCE, LIVELIHOODS, AND SUSTAINABLE ECONOMIC VALUE CREATION

Trade is a growth driver that leads to the creation of better employment opportunities, poverty reduction, and increased economic opportunities.²⁰

Improved trade needs to be supported by functional supply chains and robust infrastructure. The continent already faces difficulties as it pertains to having the necessary infrastructure to support regional trade. Three years post-COVID-19, the need for ways to mitigate supply chain and trade disruptions have become apparent. TDB has helped African economies leverage the advantages of trade through its trade financing activities.

Infrastructure development is a well-established driver of economic growth and development.²¹

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 also plays a key role in the SDG agenda,

including through the potentially positive spillover impact for most SDGs, because economic and social sectors typically require good infrastructure for development.²² In Africa, infrastructural development fails to meet international standards. It is estimated that Africa's infrastructural needs amount to between USD 130 and USD 170 billion per year, while the reported average spending averaged less than half this amount in 2018.²³

The growth of TDB Group's member states is contingent on the continuous improvement of infrastructure and supply chains through large-scale financing in the form of trade finance facilities.

Trade finance fosters interregional and extra-regional trade by reducing the risk of trade for exporters and importers.²⁴ During 2022, TDB invested significantly in trade and infrastructure through partnerships with the Arab Bank for Economic Development in Africa (BADEA).

20 World Bank (2023) Trade Overview. Available here: <https://www.worldbank.org/en/topic/trade/overview>

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23 African Economic Outlook: Infrastructure and Its Financing, African Development Bank (2018) - Available here: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/African_Economic_Outlook_2018_-_EN.pdf

24 Funding Hub (2023) Trade Finance. Available here: <https://www.fundinghub.co.za/business-finance/trade-finance#:~:text=Trade%20finance%20can%20assist%20you,known%20they'll%20get%20paid.>





CASE STUDY 8

Photo credits: Companhia Do Pipeline Mocambique Zimbabwe (CPMZ)

TDB EXTENDS A USD 20 MILLION LOAN TO COMPANHIA DO PIPELINE MOCAMBIQUE ZIMBABWE (CPMZ)



YEAR OF THE PROJECT
2022



TENURE
8 years



PRODUCT TYPE
**Commercial
Loan**



RELEVANT SECTORS

- **Trade**
- **Infrastructure**
- **Mining**
- **Hospitality**
- **Tourism**
- **Financial inclusion**

SUMMARY OF IMPACT

- Production and productivity levels. Between 95% and 97% of Zimbabwe's fuel supply comes through the CPMZ-owned pipeline. The funding provided by the Bank is aimed at increasing the available and dependable capacity of the pipeline. The funding from TDB and BCI was used to upgrade and replace two pumping stations in Beira and Maforaga. The new pumps replaced obsolete pumps with new technology that will increase the pipeline's pumping capacity from 2.2 million m³ to 2.92 million m³ annually. The upgrade is being implemented parallel to the existing operations.
- Employment opportunities. The project created 100 jobs for contractors during the construction phase through the EPC and sub-contractors. CPMZ also employed a Project Engineer to oversee the project implementation process. The company has 192 employees, 50 of whom are technical staff.
- Market outreach and expansion. The pipeline transports refined petroleum products from Beira to Feruka in Mutare. The CPMZ pipeline is the connection to the PetroZim Line pipeline from Feruka to the Mabvuku Tank Farm in Harare. Customers from Zambia and Southern DRC can access products from Harare and ship them by road to their respective countries, minimising the cost of transportation, which benefits the economies.



Photo credits: Companhia Do Pipeline Mocambique Zimbabwe (CPMZ)

COMPANHIA DO PIPELINE MOCAMBIQUE ZIMBABWE (CPMZ)



SUMMARY OF IMPACT (CONT'D)

- Contribution to export receipts. The project is expected to increase export receipts by about USD 40 million annually in hard currency.
- Cost saving. Pipeline transportation of petroleum products is the most efficient alternative from the point of view of operating costs, energy consumption, and environmental impact. The cost comparison for this route is USD 25 per m³ compared to USD 70 per m³ by road, representing a 64% cost saving.
- Impact on the environment. The pipeline subscribes to government-approved environmental and energy certifications, which are updated periodically. The company also has an internal E&S policy. The use of the pipeline reduces the number of trucks moving fuel between Beira and Harare.

TDB extended an eight-year USD20 million unsecured term loan in a club deal with Banco Comercial de Investimentos, SA (BCI) in favour of Companhia Do Pipeline Mocambique Zimbabwe, LDA (CPMZ).

The Bank's intervention supports the infrastructure development underpinning regional integration.

The expansion of the pipeline's pumping capacity will help alleviate the fuel supply challenges faced by Zimbabwean business due to delays in product movement by road. The fuel shortages affect several supply chains, movement of both products, both inbound and outbound, and people.

According to the Zimbabwe Energy Regulatory Authority (ZERA), the country consumed 1.6 billion litres of fuel in 2022 (1.04 billion litres of diesel and 614 million litres of petrol). The CPMZ pipeline moves between 95% and 97% of the combined products. It also services markets such as Zambia and Southern Democratic Republic of Congo.²⁵

²⁵ Petroleum Sector Performance Statistics. Available here: <https://www.zera.co.zw/petroleum/petroleum-sector-performance-statistics/>



TDF'S IMPACT

Photo credits: AdobeStock

ABOUT TRADE AND DEVELOPMENT FUND (TDF)

TDF was established in 2020 as a not-for-profit subsidiary of TDB Group.

TDF's mandate is to deliver intentional, sustainable, and measurable impact to its stakeholders and the wide range of target beneficiaries in the region. In pursuit of its mandate, TDF also works to advance the following SDGs.



TDF aspires to be a curator of relevant knowledge and an incubator for and investor in innovative and sustainable solutions that improve lives in the region.

To achieve this, TDF provides programme management services, blended finance, and capacity-building services in ways that expand TDB Group's reach and allow many more citizens to participate in the formal financial structures in the region. Through important early-stage interventions, TDF has supported and improved agribusinesses, increased employment, supported innovative blended finance solutions, strengthened public institutions, improved banking solutions, and deployed skills across the region. TDF's three main workstreams are summarised in Figure 13 below.

Figure 13: Summary of TDF's workstreams

Source: Eastern and Southern African Trade and Development Bank

In 2022, the SME lending portfolio of TDF remained stable and well-performing.

The main loans extended have been through financial intermediaries and these have reached a range of partners in agribusiness, retail, and manufacturing. The pipeline for further SME lending is expected to expand sector coverage to include renewable energy and healthcare.

To help achieve its thought leadership and knowledge-sharing mandate, TDF manages the TDB Academy, which is the capacity-building arm of TDB Group.

The Academy's main focus is to offer training, seminars, conferences, study tours, and other human and institutional capacity-development interventions in the financial and investment segments of interest to TDB Group and its partners.

TDF also manages the TDB Volunteer Programme, which attracts skills from across the region.

The inaugural cohort began in August 2022 and the programme has since received positive feedback from those first participants. The second cohort, scheduled for 2023, is expected to attract and engage at least double the number of volunteers.

CASE STUDIES TDF

The case studies on pages 62 - 69 highlight the range of TDF's activities.



Photo credits: Awash Bank SME Team



Photo credits: Team picture of Zeleman Productions

CASE STUDY 9

PRESERVATION OF EMPLOYMENT FOR SMEs AFFECTED BY COVID-19



YEAR OF THE PROJECT
2021 – 2022



TENURE
18 months



PRODUCT TYPE
SME Lending



RELEVANT SECTORS

- **Banking**
- **Small and Medium Enterprises (SMEs)**

SUMMARY OF IMPACT

- This programme reached 681 SMEs across three provinces in Ethiopia, 144 of which were women-owned. Approximately 20,000 jobs were maintained as a result of this intervention, exceeding the target of 18,000 originally set.
- During the life of the project, all the selected SMEs continued being operational and maintained their number of employees.
- This was verified through payroll documentation provided by the beneficiaries. The SMEs are required to provide payroll tax receipt for a period of six months after the last payroll subsidy disbursement made to each SME.



Photo credits: Dandii Boru High School



KFW DEVELOPMENT BANK (KfW)



The COVID-19 pandemic disrupted economic activities and livelihoods all around the world.

In Ethiopia, the socio-economic impact of the pandemic is still being felt across the country with serious implications for poverty reduction. The slowing economic growth, rising debt risks, high inflation, high unemployment, and sorely underfunded health system reversed years of economic growth.

In 2021, TDF jointly designed an 18-month programme with Investing for Employment (IFE), a subsidiary of KfW Development Bank (KfW).

IFE is an investment facility created by KfW on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) as an integral part of the Special Initiative, 'Decent Work for a Just Transition'. IFE provides funding for companies, non-profit organisations, and public partners to help them overcome obstacles to investments.

The programme was designed to support SMEs by preserving jobs that had been affected by the pandemic through two of the largest local banks in Ethiopia: Awash Bank and Dashen Bank.

The aim of the programme was to ensure that SMEs were able to meet loan repayments and continue to maintain employment levels during the economic downturn which was the result of the pandemic.

TDF was an implementation partner that oversaw the management of a grant of approximately EUR 13 million on behalf of KfW-IFE.

TDF's role included:

- Selection of the partnering financial institutions
- Oversight of due diligence and approval of the SMEs' inclusion in the programme
- Disbursement of funds for payroll and interest subsidies
- Verification of SMEs
- Distribution of Personal Protective Equipment (PPE) to the qualifying SMEs, and
- Monitoring and evaluation over the 18-month implementation period.



CASE STUDY 10

Photo credits: Midjourney - Nonzero

INCREASING ACCESS TO LOANS FOR THOSE WHO LACK ACCESS TO MAINSTREAM INCOME



YEAR OF THE PROJECT
2022 – 2023



TENURE
24 months



PRODUCT TYPE
Corporate Loan



RELEVANT SECTORS
• **Microfinance**

SUMMARY OF IMPACT

- Bringing together 27 participants for a workshop on credit portfolio management over the course of five days allowed the participants to deliberate on how to effectively mitigate risks associated with lending among themselves and to micro-entrepreneurs and small businesses.
- The forum, financed by the TDF grant, also allowed RIM's members to seek meaningful mechanisms to diversify their activities across different customer segments and different sectors in Burundi, including agriculture.
- The learnings from the support given to this microfinance association have the scope to be replicated across the region.



Photo credits: Midjourney - Nonzero



RÉSEAU DES INSTITUTIONS DE MICROFINANCE BURUNDI (RIM)



Réseau des Institutions de Microfinance Burundi (RIM) is an association established by the microfinance institutions (MFIs) in the country that provide loans to clients who traditionally lack access to mainstream sources of income.

The association has 41 members, covering the vast majority of microfinance activities in Burundi including cooperatives and savings groups.

RIM is uniquely positioned as an institution that brings together a large consortium of MFIs in Burundi.

Collaborating with RIM provides a valuable reference point for creditworthy MFIs to form a funding pipeline. It also provides them with the tools necessary for credit portfolio management, which are essential for managing risks, achieving profitability, retaining clients, and complying with regulations.

In 2022, TDF began a 24-month programme in high-level cooperation with RIM.

A grant of USD 20,000 was geared towards capacity-building interventions (trainings and workshops) in the areas of loan portfolio and credit risk management in the

microfinance sector. One workshop on credit portfolio management has since been concluded and an additional two workshops are planned for 2023.

The grant was used for the coordination of workshops and the hiring of a consultant.

The programme was successful in helping RIM's management to develop and strengthen the capacities of stakeholder and institutional partners' staff through training, knowledge exchange programmes, thought leadership, research, policy dialogue, and technical assistance. In accordance with its partnership with RIM, all of TDF's interventions and solutions with the association members were localised and contextualised for Burundi and were conducted in French and Kirundi.



Photo credits: Untu Capital

CASE STUDY 11

ISSUANCE OF GUARANTEES IN SUPPORT OF UNTU CAPITAL



YEAR OF THE PROJECT
2022 – 2023



TENURE
12 months



PRODUCT TYPE
Loan
Guarantees



RELEVANT SECTORS

- Financial services
- Packaging
- Manufacturing
- Retail

SUMMARY OF IMPACT

- The production of cones and cups increased to over 400,000 units per week.
- It has purchased new assets and now owns premix machinery and an ice cream plant.
- Phikwa has a full-time staff complement of 34 as well as 31 part-time staff at its 11 outlets, contributing to employment in the country.
- It has also embarked on the purchase of land in a bid to strengthen its collateral and own its bases of operation.
- The company has been able to introduce new product lines since purchasing new equipment.
- It can now process raw materials on its own at a lower cost than importing finished raw materials, reducing the cost of production.
- The company has grown its market share beyond Matabeleland.



Photo credits: Untu Capital



UNTU CAPITAL (UNTU)



Untu Capital (Untu) is an MFI that was established in 2009 and is registered with the Reserve Bank of Zimbabwe.

It is currently one of the largest providers of finance to SMEs and micro entrepreneurs in Zimbabwe because it has been able to develop a credit assessing system that is responsive to the requirements of these entities. However, like the SMEs it serves, Untu has faced challenges in accessing capital to meet its liquidity requirements.

To help Untu navigate this challenge, TDF has issued two guarantees to two local commercial banks in favour of Untu Capital in the amount of USD 750,000, which is to be disbursed over a period of two years

These guarantees have enabled Untu to unlock liquidity for lending to SMEs, which has provided the growth capital these enterprises need as significant participants in the sustainable development in Zimbabwe.

An example of one such SME is Phikwa Enterprises Private Limited (Phikwa), a manufacturer, packager, and retailer of ice cream that has experienced tremendous growth.

By 2014, Phikwa, which only began operations in 2012, had grown its vendor base to 65. In 2018, it approached

Untu for a USD 8,000 facility to boost the working capital position of the company, allowing it to diversify its operations to include the manufacturing and packaging of ice cream cones and cups. The company currently employs more than 225 sales agents and 65 employees per shift at its 11 outlets. It has an impressive weekly average output of 400,000 units of ice cream cones and cups.

Phikwa's management team has a wealth of experience and continues to be enthusiastic about growing the brand and reaching new levels of success.

In order to achieve this, the team approached Untu for additional funding in 2022. In recognition and appreciation of Phikwa's sound strategic business model, favourable repayment pattern, and strong collateral position, Untu approved a facility of USD 200,000. The facility is intended to finance the growth of the business as well as the purchase of raw materials and additional manufacturing machinery in preparation for the business's peak period.



CASE STUDY 12

Photo credits: Kentaste in Diani, Kenya.

UNLOCKING CAPITAL FOR GRASSROOT BUSINESS PARTNERS IN SUPPORT OF KENTASTE PRODUCTS



YEAR OF THE PROJECT
2021 – 2023



TENURE
3 years



PRODUCT TYPE
Corporate Loan



RELEVANT SECTORS

- Manufacturing
- Agribusiness

SUMMARY OF IMPACT

- Kentaste works with over 3,000 farmers in Kenya and, at most times, is able to offer coconut farmers up to 300% more for their product compared to brokers or aggregators. There are estimated to be 50,000 coconut farmers along the coast, which provides
- Kentaste was able to venture into two new product lines, coconut chips and water. As at December 2022, sales of coconut chips had reached USD 10,000.
- The supplementary technical assistance offered to portfolio companies was used by Kentaste to conduct a market study that also guided the launch of a new product geared towards the low-income households.
- The grant provided to Kentaste allowed it to mobilise an additional USD 1.2 million in funding.



Photo credits: Kentaste in Diani, Kenya.



GRASSROOTS BUSINESS FUND



Grassroot Business Partners (GBP) is focussed on expanding and capacitating SMEs.

GBP is the hub for innovation strategy and learning in the Grassroot Business Fund (GBF) and drives capacity building. It serves as the general partner and administrator of the private global mezzanine investment fund, Grassroots Business Investors I (GBI-I), and is also a fund manager for a USD 65 million programme to fund MSMEs in Kenya. GBI-I also falls under GBF.

Coconut Holdings Limited, one of GBP's portfolio companies, focuses on developing food and personal care product lines using raw materials sourced from farmers along the Kenyan coast.

Kentaste Products Limited is a subsidiary of Coconut Holdings Limited and is a fast-growing manufacturing and distribution company that sources coconuts from these farmers, processes them, and distributes high-quality, all-natural, affordable, premium consumer goods to consumers globally.

The funding provided by TDF supported Kentaste by helping to unlock USD 2.5 million in long-term capital, comprising USD 1.5 million in debt accessed through European Development Financial Institutions (EDFI) and USD 1 million in equity.

The long-term capital was used to focus on critical areas of the business such as the financing of a farmer prepayment program. The funding also supported Kentaste's working capital needs, allowing the company to fulfil the growing demand for coconut products in both the local and international markets.

TDF provided a repayable grant of USD 1 million, aligned with its strategic objective to pilot investments into SMEs in Kenya, Uganda, and Tanzania.

USD 330,000 of the grant was geared towards facilitating the expansion of the Kentaste business. In addition to the grant, TDF also provided USD 60,000 in the form of technical assistance to support GBP's portfolio companies. The investment provides TDF with an observer seat at GBP's Investment Committee meetings.



ASSET MANAGEMENT'S IMPACT

Photo credits: Envato Elements

ABOUT ASSET MANAGEMENT

I. EASTERN AND SOUTHERN AFRICAN TRADE ADVISERS LIMITED (ESATAL)

ESATAL is a fund manager that manages the Eastern and Southern African Trade Fund (ESATF) and is regulated by the Financial Services Commission (FSC) based in Mauritius.

ESATF is a trade finance fund that focuses on advancing trade-led economic and social development via the financing of short- to medium-term trade transactions, including for SMEs. ESATAL and ESATF are part of TDB Group's asset and fund management activities, which are focused on the design, origination, and growth of standalone investment vehicles for a wide range of investors and development partners. ESATAL is wholly owned by TDB Group.

II. EASTERN AND SOUTHERN AFRICAN TRADE FUND (ESATF)

In September 2019, ESATF was launched by ESATAL as an open-ended investment fund, with a starting base of USD 50 million.

In 2022, ESATF completed a third year of successful operations despite the continued challenges presented by COVID-19 and emergent challenges presented by geopolitical conflicts and inflation.

Following an extensive review of its strategic approach

to asset management, TDB became the sole shareholder of ESATAL as of 1 July 2022.

The Fund's activities and strategy remain unchanged. ESATF continues to invest in trade finance, structured commodity finance, export finance, and project-related finance transactions to expand the triple bottom line impact and reach of TDB Group activities in the region it serves. It also delivers steady returns with low volatility.

In 2022, the fund size increased to over USD 122 million, delivering an annual performance of 5.26% in USD (net of all fees and expenses), and an absolute return of 15.35% in USD since its launch in 2019.

Going forward, ESATAL's operations are expected to focus on:

1. Continued growth in ESATF by attracting new investors and further diversifying its investment portfolio; and
2. Developing new funds and pursuing related business opportunities through partnerships and networks.

ESATF – Summary of Development Impact

ESATF is a trade finance fund that focuses on advancing trade-led economic and social development via the financing of short- to medium-term trade transactions, including for SMEs. ESATF is part of TDB Group's asset and fund management activities. Which are focused on the design, origination, and growth of standalone investment vehicles for a wide range of investors and development

partners. ESATF continues to invest in trade finance, structured commodity finance, export finance, and project-related finance transactions to expand the triple bottom line impact and reach of TDB Group activities in the region it serves, while delivering steady returns with low volatility. In 2022, the fund size increased to over USD 122 million, as it delivered an annual performance of 5.26% in USD (net of all fees and expenses), and an absolute return of 15.35% in USD since its launch in 2019.

III. EASTERN AND SOUTHERN AFRICAN INFRASTRUCTURE FUND (ESAIF)

ESAIF is 100% owned by TDB Group.



It is the fund management company originally established to manage the COMESA Infrastructure Fund (CIF) on behalf of COMESA. The CIF is to be reconsidered as a public infrastructure fund and, accordingly, ESAIF has maintained its business-ready status and its capacity to scale up active operations.

CASE STUDIES ESATF

ACCESS TO FINANCE

ESATF funds institutions with strong impact on SMEs & financial inclusion.

BENEFICIARY BANK	COUNTRY	OVERVIEW	IMPACT
DEVELOPMENT FINANCE INSTITUTION	Nigeria	Largest development finance institution in the country. Specifically targeting SMEs, financial inclusion and gender.	<p>SME funding</p> <ul style="list-style-type: none"> \$ 129m (23% of assets) MSME loans for equipment and working capital <p>Employment creation</p> <ul style="list-style-type: none"> 1,043,733 jobs created <p>UN SDGs</p> <div>   </div>
PRIVATE BANK	DRC	Largest private bank in DRC. Targets SMEs, gender and climate impact. Their Lady First national programme empowers women entrepreneurs. Rawbank supports the African Women's Financial Mutual Fund.	<p>Green Finance</p> <ul style="list-style-type: none"> This financial institution's SME Green Finance initiative supports green energy in a market with a large energy deficit. Notable partnership with Mopepe Solutions in electric mobility. This financial institution is a conduit to SMEs and women-owned businesses for many DFIs including TDB. <p>UN SDGs</p> <div>   </div>

BENEFICIARY BANK	COUNTRY	OVERVIEW	IMPACT
PRIVATE BANK	Ethiopia	This financial institution was founded in 2012. Women own 64% of the bank and majority senior management and Board positions. The bank primarily finances women entrepreneurs through a variety of products.	<p>SME funding</p> <ul style="list-style-type: none"> \$129m (23% of assets) MSME loans for equipment and working capital <p>Employment creation</p> <ul style="list-style-type: none"> 1,043,733 jobs created <p>UN SDGs</p>  





AGRICULTURE VALUE CHAINS

ESATF plays a crucial role in driving sustainable job creation through agricultural exports. Agriculture is the largest employer in Africa, supporting the livelihoods of 70% of the workforce.

The Fund focuses on financing high impact agricultural products such as nuts, seeds and soya beans. These crops generate strong forex revenues for Africa and increased investment in the sector.

IMPACT ON AGRICULTURAL EXPORTS TRANSACTIONS: CASE STUDIES

INTERMEDIARY/ DIRECT BORROWER	COUNTRY	OVERVIEW	IMPACT
AGRI TRADING COMPANY	Tanzania, Nigeria, Ghana, Cote D'Ivoire	A trading company specialising in the trade of Agri-commodities. The company purchases the goods from Local Buying Agents Aggregators in USD and sells to over 90 clients worldwide. Key commodities include cashews, soya and sesame seeds.	<p>Small holder farmers participate in the agricultural exports of the country. Continued demand from farmers enables a stable livelihood for small scale farmers.</p> <p>UN SDGs</p> 
AGRI TRADING AND PROCESSING COMPANY	Ghana, Nigeria, Togo, Cote D'Ivoire	An agri-trading and processing company. Main agri commodities that are sourced and processed in Africa are cashew nuts, sesame and soyabeans. Exports to all continents but mainly Europe and Asia.	<p>This client scores highly on ESG with notable environmentally friendly practices such as the recycling of its cashew shell into refined oil as a lubricant in paint and recycling food waste into a "coal type" briquette which is used for heating or cooking fuel. The borrower also works closely with its community to improve livelihoods.</p>

INTERMEDIARY/ DIRECT BORROWER	COUNTRY	OVERVIEW	IMPACT
AGRI TRADING AND PROCESSING COMPANY (CONT'D)			<p>During the pandemic when unemployment was increasing, it created jobs for over 500 women through its 7 new peeling centres</p> <p>UN SDGs</p>  
AGRI TRADING COMPANY	Ghana	Trades in raw cashew nuts, soybeans, and other agriculture produce from West Africa. In Ghana, the company is ranked amongst the top exporters of cashew nuts and soybeans for clients in Asia.	<p>Providing exposure to export markets to the farmers. Supporting the growth of exports.</p> <p>UN SDGs</p> 
CHILLI EXPORTER	Zimbabwe	The company is contracted to supply bird's eye chilli to a chilli exporter. It contracts farmers from Zimbabwe to farm and supply the chilli for export to the company's buyer in South Africa.	<p>The company's policy requires fair market practice for downstream farmers. Small scale farmers are not only capacitated to farm the chilli but are also paid fairly for their produce. In addition, the continuous contracts create a sustainable livelihood for the farmers</p> <p>UN SDGs</p> 



TCI'S IMPACT

Photo credits: AdobeStock

ABOUT TDB CAPTIVE INSURANCE COMPANY (TCI)

TCI provides risk insurance and reinsurance cover exclusively for TDB Group subsidiaries in order to provide further efficiencies in the Group's risk management.

TDB Group has a 100% interest in TDB Captive Insurance Company (TCI) and is based in Mauritius.

TCI was set up in March 2020 under its Articles of Establishment as a self-governing entity.

This subsidiary provides risk mitigation services for its parent company, TDB Group, and other related group entities, primarily focusing on insurance services for financial assets. The day-to-day management of TCI is entrusted to a Captive Manager in keeping with the typical management of a conventional captive.

TCI commenced operations in Q4 2021 and its launch on 24 August 2022 coincided with the TDB Group Annual General Meeting in Mauritius.

The objectives of the launch were to:

- Introduce the new subsidiary of TDB Group to key stakeholders;
- Explain the concept of pure captive business; and
- Explain the rationale for establishing a captive.

TCI had its first full year of operation in 2022.

Notable achievements for the period include:

- Good financial results, headlined by a 125% increase in turnover and a 153% increase in net profit year-on-year.
- Insurance coverage of USD 240 million, which was provided to the Bank through eight transactions. A total of 75% of the insurance coverage was provided for sovereign counterparties and 25% was provided for sub-sovereign and non-sovereign counterparties.
- A portfolio with a good geographical spread, covering Ethiopia, Kenya, Malawi, Rwanda, South Sudan, Tanzania, Zambia, and Zimbabwe.



A photograph of a renewable energy landscape at sunset. In the foreground, rows of solar panels are visible. In the background, several wind turbines stand against a sky with orange and yellow clouds. A green banner with white text is overlaid on the right side of the image.

PARTNERSHIPS & INITIATIVES ENABLING SUSTAINABILITY

Photo credits: TDB

To secure positive impact, TDB Group ensures that initiatives carried out by its various subsidiaries are financially sustainable and profitable, and that capital is raised from partners and investors from around the globe.

The Group has an equity capital structure that includes Class A shares to sovereign investors and Class B shares to public institutional investors. Together with other reforms, this innovative structure led to the Bank achieving investment grade ratings in 2017 and, in turn, to a continued increase in capital that has allowed it to scale up its impact in the region it serves. Investors remain confident in TDB Group's ability to continue to generate returns and impact, supported by results such as the Group's return on equity of over 11% for 2022 financial year.

In 2022 alone, the following new shareholders joined:

- The Republic of Botswana;
- The Republic of Ghana;
- The Republic of Senegal;
- Agaciro Development Fund (Rwanda);
- National Social Security Fund (Tanzania); and
- SICOM Global Fund Limited, a subsidiary of the State Insurance Company of Mauritius.

TDB Group also partnered with the OPEC Fund to support sustainable investment in Africa.

A total of USD 40 million was committed to support the Bank's capitalisation and financing capacity, to attract institutional investors, and to support infrastructure projects in Eastern and

Southern Africa in response to the COVID-19 pandemic.

At COP27 in 2022, the Bank launched Class C shares to attract more impact capital and accelerate its contributions to the SDGs, the Paris Agreement, and Agenda 2063, in line with its impact mandate.

Targeted towards institutional and impact oriented investors, TDB Group's Class C shares provide attractive financial returns through annual dividends and the potential for invested capital to grow. The issuing of the Class C shares has allowed TDB to further diversify its capital structure, building on its track record of generating double-digit returns on equity and delivering development impact on a triple bottom-line following the issuing of Class B shares almost a decade ago.

PARTNERSHIPS

TDB Group has deliberately selected partners and pursued memberships with organisations and networks that support its growth as a thought leader in sustainable development finance in member states and around the globe.

These include, the International Development Finance Club (IDFC), Corporate Council for Africa (CCA), Global Network of Export-Import Banks and Development Finance Institutions (G-NEXID), Association of Africa Development Finance institutions (AADFI), Atlantic Council, the Bankers Association for Finance and Trade (BAFT), the Loan Market Association (LMA), and others.

In addition, TDB Group has entered into memoranda of understanding (MoUs) with various institutions.

Through these MoUs, the Group has unlocked opportunities that are not easily accessible and that take various forms including equity investments, debt financing, co-financing, export credit insurance, technical assistance, and others. In 2022, the Group signed an MoU with Japan's Sumitomo Mitsui Banking Corporation (SMBC) during the Eighth Tokyo International

Conference on African Development (TICAD 8) in Tunis. The Group has also advocated for ESG externally by encouraging its funding partners to set up their own ESG systems in the structuring stage of transactions.

BILATERAL AND SYNDICATED LOANS AND GENERAL CORPORATE PURPOSE FACILITIES

BILATERAL AND SYNDICATED LOANS AND GENERAL CORPORATE-PURPOSE FACILITIES	AMOUNT (USD MILLION)
AfDB	50
Asia Syndicated Loan	500
BADEA	50
China Exim Bank	300
Citibank	100
EIB	200
Global Syndicated Loan	801
Mizuho	50
Nedbank	60
OPEC Fund	30
SMBC	85
Standard Chartered Bank	200

To boost impact, TDB also continues to draw from various long-term themed facilities signed recently with strategic partners including, among others, the European Investment Bank, Agence Française de Développement (AFD), KfW, World Bank Group and many others.

FINANCIAL SUSTAINABILITY

Over the years, TDB Group has embraced socially responsible financing and has become one of the leading institutions of its kind on the continent.

The Group further recognises that the prioritisation of risk management is highly likely to result in a positive impact on the business as a whole, the Group's market value, and overall reputation.

Climate change continues to be a challenge throughout Africa, including in TDB Group's member states.

TDB Group leverages off its geographical reach, track record, deep expertise, and experience to support and advocate for its sustainability and development impact agenda in its member states. As part of the development of its Climate Finance Policy and Strategy, the Group is implementing an engagement programme with member states to help them understand the challenges and opportunities associated with climate change. The results of this engagement will assist the Group in the development of sustainable financial products and services that will support their transition to low-carbon economies.

CORPORATE SOCIAL RESPONSIBILITY

TDB Group's Corporate Social Responsibility (CSR) vision is to promote the social and economic wellbeing of its stakeholders through a series of interventions that enhance economic development and prosperity in the region that it serves.

In 2022, the Group carried out the following CSR initiatives:

- **SUPPORT FOR MAURITIUS'S CANOTTE SCHEME**

At TDB Group's Annual General Meeting in Mauritius, it extended a grant to the National Resilience Fund of Mauritius's 'Canotte Scheme'. The funds were allocated to support local fishermen by helping them to purchase properly equipped boats that have been designed for fishing in the outer lagoon. Due to the large number of registered fishermen operating artisanal coastal fisheries, lagoon fish stock is generally overfished. By equipping fishermen for off-lagoon fishing, they will not only benefit from comparatively higher catch rates, which will enhance their livelihoods but will also contribute to protecting lagoon marine life.

- **COVID-19 EMERGENCY RESPONSE PROGRAMME (CERP)**

In 2020, just after the advent of COVID-19, TDB Group launched its USD 1.6 million COVID-19 Emergency Response Programme (CERP). Its purpose was to

strengthen the preparedness of its member states and the African Union's Africa Centres for Disease Control and Prevention (Africa CDC) and to support their capability to deal with and prevent the spread of the pandemic as well as to alleviate some of its more adverse socio-economic effects. The Bank did this through the purchase of emergency, healthcare and sanitation supplies, including over a million sets of personal protective equipment (PPE) and urgently needed medical equipment, which helped relieve pressure in the response to the pandemic. During this period, CERP also funded the installation of water, sanitation, and hygiene facilities in rural areas, and provided a grant to the Africa CDC.

To help reduce the supply chain disruptions brought about by the pandemic, the Group ensured that emergency supplies were sourced when possible from companies in its member states whenever possible.

This initiative was intended to support the local private sector, especially SMEs, and protect local jobs. Throughout the pandemic, It contributed to developing sourcing and manufacturing resilience within TDB Group's member states. CERP was finalised in 2022.

TDB GROUP INTERNAL SUSTAINABILITY

Photo credits: Envato Elements

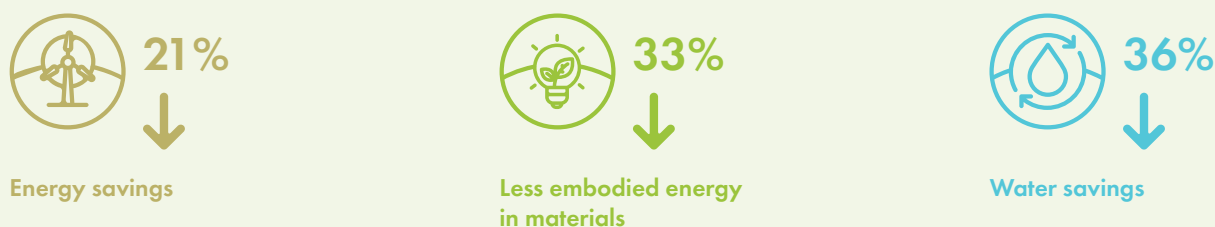
As an organisation that values social responsibility and its commitments to global developmental outcomes, TDB Group is deliberate about incorporating environmental, social, and governance (ESG) considerations into its internal processes.

In recent years, the Bank has successfully implemented ESG risk management initiatives into its governance structure as well as into the business model through which it creates impact. This has been done by developing an ESG framework derived from the Group's risk management strategy.

A good example of the incorporation of ESG considerations into the Group's day-to-day operations can be seen in the design of TDB Group's new Nairobi regional office building, the construction of which began in the first quarter of 2019.

While the contemporary design is expected to contribute to staff morale through increased comfort and accessibility, the building was also designed with sustainability in mind. The materials chosen for both external and internal spaces are aesthetically pleasing and were selected for their energy conservation properties. The completed building has received an EDGE certification from the World Bank Group's International Finance Corporation (IFC), as summarised in Figure 14 below.

Figure 14: Summary of the EDGE certification achievements for the Nairobi office



Source: Eastern and Southern African Trade and Development Bank

In addition to the building's design, internal policies structured to support diversity and inclusion, health and safety, gender sensitivity, and staff wellness – together with staff learning and

development programmes – have been implemented to create a conducive and sustainable working environment.

LOOKING FORWARD

As the world continues to change, TDB Group's challenges and opportunities will evolve with it.

TDB Group will continue to adapt to serve its clients and member states as best it can. A significant part of this is acknowledging the deep complexity of many of the critical current global discussions, including those relating to just transition decisions, approaches to industries like mining and energy, and geopolitics.

This complexity is reflected in the Bank's own decision-making. The Bank knows, for instance, that a number of our projects and activities can simultaneously improve one SDG while detracting from another.

For example, an investment in oil and gas can contribute significantly to socio-economic development and thus help reduce poverty (SDG 1), while at the same time negatively impact climate targets (SDG 13). It is critical to acknowledge, understand, and try to measure these trade-offs and TDB Group strives to do exactly that through its SDIMS, ToC, and its approach to decision-making. However, there is always room for improvement and it sees opportunities to continue to enhance its data collection and measurement internally, to assist it in determining the right paths to take.

Linked to this, the Bank is also committed to continuing to invest in improving the overall monitoring and evaluation of its projects.

Not only is this important for the Bank's internal purposes but as a Bank committed to transparency and as an industry leader, it believes strongly that it can serve as an example of best practice

when it comes to monitoring, evaluating, and reporting on its impact. That, in the end, is partly the purpose of reports like this one and the Bank is dedicated to continuously improving in this regard.

The Bank is putting in place a Climate Finance Policy and Framework to catalyse and mobilise public and private sector investment in climate action in member states.

The aim of this is to support the member countries to achieve their pledges on net zero emissions by 2050. The key themes underpinning the strategy are:

1. **See Green.** Integrating climate-related risks in the decision-making process.
2. **Make Green.** Developing and applying climate screening and proofing guidelines.
3. **Grow Green.** Engaging with climate action stakeholders to mobilise funding and scale the green investment portfolio.
4. **Be Green.** Creating a CFU and Climate Finance Centre of Excellence.
5. **Teach Green.** Building climate finance capacity through foundational and targeted training.

The strategy will be launched and operationalised in 2023.

CONCLUSION

This report has provided a glimpse of the development impact and sustainability-related activities of TDB Group in 2022.

In a challenging global environment, and within the context of multiple social, economic, environmental, and geopolitical challenges facing the Bank's member states, the Bank has remained committed to delivering against its SDIMS and ToC. TDB Group has continued to expand its partnerships and offerings in an effort to serve as a catalyst for increasing resilience and stability for its clients and the economies in which it operates.

TDB Group remains aligned to the SDGs, the African Union 2063 Agenda, and the Paris Agreement, as well as the pledges made at COP27, where its Class C Green + shares were launched.

Indeed, the imperatives for the global financial community to work towards a greener, more sustainable future have never been stronger, and the Bank supports many efforts in this regard. Some of these have been documented in this – as well as in previous years' – reports.

This 2022 report showcases the progress made by the Bank by selecting a number of thematic areas to highlight and by incorporating several new elements for the first time.

Notably, this year the Bank has included more details about the TDB Group itself, including the important Trade and Development Fund (TDF) and a detailed exploration of its activities and impact. These are shown to be aligned with a number of critical SDGs and the emphasis on traditionally underserved groups, such as MSMEs, women, and the youth.

The report also explores four additional thematic areas, within which TDB has shown consistent delivery of impact against its internal ToC and SDIMS targets, as well as against the SDGs and key development outcomes:

1. Climate action is a significant concern for the Bank and its efforts to enhance energy security, increase energy access, and contribute meaningfully to the just energy transition showcase these efforts.
2. Food security is, of course, deeply intertwined with climate change as well, and the Bank explores in this report the ways in which its support to food security and supply chains have been enabled through trade finance.
3. Promoting financial inclusion, in various forms, is a key focus for the Bank and it examines in this section the way in which financial inclusion, access to financial resources, and value creation to spur economic growth have all been targeted as impact areas by TDB Group.
4. Finally, in a continuation of last year's infrastructure theme, the Bank looks at the ways in which its infrastructure financing has been able to support economic resilience, livelihoods, and sustainable economic value creation.

TDB Group looks forward to continuing to work in these – and other – impact areas in the year ahead, and strongly believe that its mandate - to finance and foster trade, regional economic integration, and sustainable development through trade finance, project and infrastructure finance, asset management, and advisory services – remains as relevant as ever.

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APPENDIX 1: ALIGNMENT OF TDB'S ToC TO AGENDA 2063 AND UN SDGs

AGENDA 2063 GOALS	AGENDA 2063 PRIORITY AREAS	UN SUSTAINABLE DEVELOPMENT GOALS	LINK TO TDB THEORY OF CHANGE
A high standard of living, quality of life and well-being for all citizens.	Incomes, jobs, and decent work.		TDB provides corporate loans, lending for SMEs, and infrastructure financing that, among other outcomes, can increase employment, raise incomes, and facilitate better social amenities.
	Poverty, inequality, and hunger.		TDB's financing supports agricultural imports and inputs for domestic agricultural production, which can increase food security.
	Social security and protection, including for persons with disabilities.		TDB's 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 operations.
Well-educated citizens and a skills revolution underpinned by science, technology, and innovation.	Education and science, technology, and innovation (STI)-driven skills revolution.		TDB provides support to public enterprises that deliver critical educational infrastructure and commodities through capacity-building interventions conducted by the TDB Academy.
Healthy and well-nourished citizens.	Health and nutrition.		<p>TDB promotes the attainment of good health and well-being through various renewable energy-related facilities, improving air quality and general living conditions for people across the continent.</p> <p>Access to food is imperative for good health and well-being, and reducing food scarcity is another way in which TDB's facilities promote the attainment of this goal.</p>






AGENDA 2063 GOALS	AGENDA 2063 PRIORITY AREAS	UN SUSTAINABLE DEVELOPMENT GOALS	LINK TO TDB THEORY OF CHANGE
Transformed economies.	Sustainable and inclusive economic growth.		TDB's 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.
	STI-driven manufacturing, industrialisation, and value addition.		The Bank's Environmental and Social Monitoring System (ESMS) helps to ensure that the enterprises it supports do not engage in negative practices and provides safeguarding policies for decent work opportunities. TDB further strengthens 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. The Bank has targeted its investment to SMEs run by marginalised groups.
	Economic diversification and resilience.		TDB finances regional and transborder infrastructure that supports ICT, energy, transportation, and other high socioeconomic impact sectors within its African member states. The Bank also enables increased access to financial services for small-scale industrial enterprises and enterprises operating in other sectors. Transborder infrastructure that facilitates regional integration and interregional trade aligns closely with the Bank's core mandate.
Modern agriculture for increased productivity and production.	Agricultural productivity and production.		TDB's financing supports agricultural imports and inputs for domestic agricultural production, which can increase food security.
Environmentally sustainable and climate-resilient economies and communities.	Biodiversity, conservation and sustainable resource management.		TDB finances energy infrastructure and has a targeted focus on renewable energy. Through the Bank's ongoing efforts to improve data collection and develop a deeper understanding of its traditional energy portfolio's impact, it seeks to enable a just transition to renewable energy, as per the Paris Agreement.

AGENDA 2063 GOALS	AGENDA 2063 PRIORITY AREAS	UN SUSTAINABLE DEVELOPMENT GOALS	LINK TO TDB THEORY OF CHANGE
Environmentally sustainable and climate-resilient economies and communities. (cont'd)	Water security. Climate resilience and natural disaster preparedness.		In order to address the climate change crisis, TDB prioritises climate action through different facilities, contributing to its continual alignment with the Paris Agreement and the UNFCCC. Through both sustainable energy and improved agricultural practices, the Bank aims to promote climate action, reduce greenhouse gas production, and create more sustainable and resilient agricultural supply chains.
World class infrastructure throughout Africa.	Communications and infrastructure connectivity.		TDB finances regional and transborder infrastructure that supports ICT, energy, transportation, and other high socioeconomic impact sectors within its African member states. The Bank also enables increased access to financial services for small-scale industrial enterprises and enterprises operating in other sectors. Transborder infrastructure that facilitates regional integration and interregional trade aligns closely with its core mandate.
Full gender equality in all spheres of life..	Empowerment of women and girls. Violence and discrimination against women and girls.		TDB considers the demographics of all of the companies for which it provides facilities and especially aims to finance projects that are women-led or that facilitate empowerment for female workers. The Bank also ensures equitable hiring practices for its employees.
Engaged and empowered youth and children.	Youth empowerment and children's rights.	 	TDB provides support to public enterprises that deliver critical educational infrastructure and commodities through capacity- building interventions conducted by the TDB Academy. The Bank considers the demographics of all of the companies for which it provides facilities and especially aims to finance projects that are women-led or that facilitate empowerment for female workers. The Bank also ensures equitable hiring practices for its employees.

AGENDA 2063 GOALS	AGENDA 2063 PRIORITY AREAS	UN SUSTAINABLE DEVELOPMENT GOALS	LINK TO TDB THEORY OF CHANGE
Africa as a major partner in global affairs and peaceful co-existence.	Africa's place in global affairs.		TDB engages 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 investment, and special funds management the Bank is able to mobilise financial resources for member states.
	Partnerships.		
	African capital markets.		Through the Bank's membership and partners, it is able to attract external capital for financing in African countries. This encourages financial flows and foreign direct investment into member states.
Africa takes full responsibility for financing its development goals.	Fiscal systems and public sector revenue.		TDB engages 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 investment, and special funds management The Bank is able to mobilise financial resources for member states.
	Development assistance.		

APPENDIX 2: HOW TDBS TOC LINKS TO THE UN SDGs

	<p>TDB provides 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.</p>
	<p>TDB's 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 The Bank's clients to increase their agricultural productivity. Export development programmes supported by its financing help to provide technical assistance and develop value chains, and have a positive impact on small producers.</p>
	<p>TDB promotes the attainment of good health and well-being through its various renewable energy-related facilities, improving air quality and general living conditions for people across the continent.</p> <p>Access to food is imperative for good health and well-being, and reducing food scarcity is another way in which The Bank's facilities promote the attainment of this goal.</p>
	<p>TDB provides support to public enterprises that deliver critical educational infrastructure and commodities through capacity-building interventions conducted by the TDB Academy.</p>
	<p>TDB considers the demographics of all of the companies for which it provides facilities and especially aims to finance projects that are women-led or that facilitate empowerment for female workers. The Bank also ensures equitable hiring practices for its employees.</p>
	<p>TDB finances energy infrastructure and has a targeted focus on renewable energy.</p> <p>Through the Bank's ongoing efforts to improve data collection and develop a deeper understanding of its traditional energy portfolio's impact, it seeks to enable a just transition to renewable energy, as per the Paris Agreement.</p>
	<p>TDB's 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 member states. Its 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. TDB strengthens 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.</p> <p>The Bank has targeted its investment to SMEs run by marginalised groups.</p>

	<p>TDB finances regional and transborder infrastructure that supports ICT, energy, transportation, and other high socioeconomic impact sectors within its African member states. The Bank also enables increased access to financial services for small-scale industrial enterprises and enterprises operating in other sectors. Transborder infrastructure that facilitates regional integration and interregional trade aligns closely with its core mandate.</p>
	<p>Through its membership and partners, TDB is able to attract external capital for financing in African countries. This encourages financial flows and foreign direct investment into member states.</p>
	<p>Through its ESMS policy, TDB ensures that its financing causes minimal environmental damage and that potential impacts are mitigated. The Bank also supports the Paris Agreement's just transition imperative and aims to consider the social, economic, and environmental impacts and trade-offs implicit in its services through its Theory of Change and SDIMS tools. TDB will continue to enhance these tools and its internal approaches in order to better understand and address its impact in the region.</p>
	<p>In order to address the climate change crisis, TDB prioritises climate action through its different facilities, contributing to continual alignment with the Paris Agreement and the UNFCCC. Through both sustainable energy and improved agricultural practices, The Bank aims to promote climate action, reduce greenhouse gas production, and create more sustainable and resilient agricultural supply chains.</p>
	<p>TDB engages 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 investment, and special funds management the Bank is able to mobilise financial resources for member states.</p>



The Eastern and Southern African Trade and Development Bank (TDB) is a multilateral, treaty-based, investment-grade development financial institution.

Learn more about TDB here
www.tdbgroup.org

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