

I&P Afrique Entrepreneurs 2

ANNUAL ESG AND IMPACT REPORT

JUNE 2024



IIP INVESTISSEURS
& PARTENAIRES

Foreword



Sébastien Boyé
Co-CEO



Jérémy Hajdenberg
Co-CEO

In 2023, Africa faced significant macroeconomic challenges that are expected to persist into 2024. Geopolitical fragmentation and security tensions in the Sahel have strained public development aid and economic stability. Many African countries are burdened with high public debt, exacerbated by elevated interest rates and volatile exchange rates, which worsen the financial strain on SMEs and delay critical investments.

In this challenging context, supporting the African private sector and its entrepreneurs is more crucial than ever. The goal of impact investing is to foster economic and human prosperity in markets where traditional investors hesitate to venture due to perceived difficulties, costs, and risks, all while aiming for financial returns. This is precisely what IPAE2 has achieved.

2023 marked the final year of the Fund's investment period, culminating in six new investments. Since its inception in 2017, IPAE2 has invested in 27 portfolio companies, with two-thirds operating in the least developed and most fragile countries. This report highlights their impacts, including a 46% growth in employment since IPAE2's investment, direct contributions to the Sustainable Development Goals (81% of portfolio companies), and gender-related achievements (88% of companies meet at least one criterion of the 2X Challenge).

As we transition into the disinvestment phase of the Fund and prepare to launch IPAE3, our commitment to driving positive change and supporting Africa's growth remains stronger than ever. We look forward to continuing this journey and contributing to Africa's sustainable development for years to come.

A word from the team



Mialy Ranaivoson
IPAE Investment and
ESG Impact Director

In times of adversity, opportunities often emerge. This holds true across nations and communities, where challenges can catalyze impactful change and entrepreneurial innovation. AerialMetric, a company under IPAE2's portfolio, exemplifies this principle. Focused on improving public healthcare in developing countries like Madagascar, where infrastructure challenges abound, AerialMetric has developed robust cargo drones to deliver essential medicines despite rugged terrain and limited transport options.

Over the past five years, AerialMetric's drones, with a 2.5-hour flight endurance, rain-resistant capabilities, and a 200-kilometer range, have mitigated medicine shortages in remote areas, enhancing healthcare access and resilience.

Integrating Environmental, Social, and Governance (ESG) principles, AerialMetric has addressed risks such as battery waste, gender equality, stakeholder safety, and medicine quality through initiatives like solar-powered take-off points, battery recycling programs, and ISO 9001 certifications.

The results include improved operational credibility, strategic advantages, increased flight hours, higher cargo throughput, and fewer incidents, demonstrating the power of responsible entrepreneurship in achieving sustainable impact.

This narrative, reflected in this ESG and impact report, not only showcases AerialMetric's success but also inspires the scaling of such transformative innovations. As we face global challenges, enterprises like AerialMetric illuminate paths to resilience and equity through innovation.

In adversity lies opportunity, and through resilience and innovation, we can pave the way for positive change.

Overview of 2023 results

IPAE2, a 92 Millions € fund, to promote entrepreneurship



**27 SMES IN PORTFOLIO, INCLUDING
6 NEW ONES**

73%

of African entrepreneurs

Strong additionality - 85% of companies would have had to carry out their investment project at a smaller scale without IPAE2's funding

69%

located in LDCs ad fragile countries



**AN IMPORTANT GENDER LENS
INVESTMENT**

88%

Satisfy the 2X challenge criteria

65%

of women-led enterprises or with more than 30% women among senior leadership positions

27%

of women-owned enterprises



**A STRONG JOB CREATION, LINKED
TO THE DECENT WORK AGENDA**

46%

direct employment growth since investment

85%

of SMEs provide a complementary health insurance

Average minimum wage **1.8** as high than the legal minimum wage



**PROVIDING ESSENTIAL GOODS AND
SERVICES**

81%

of SMEs address the SDGs

88%

of SMEs address the needs of African population or African companies

Summary

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01. I&P and IPAE

I&P : Overview

For over 20 years, Investisseurs & Partenaires (I&P) has been committed to financing and supporting small and medium-sized African businesses, driven by the conviction that these companies play an essential role in the development of the African continent.

A TEAM OF 180+ PEOPLE

- Based in France and 10 African countries: Burkina Faso, Cameroon, Ivory Coast, Ghana, Kenya, Madagascar, Mali, Niger, Uganda and Senegal

330+ PARTNER COMPANIES

- Based or operating in **20+ African countries**
- 130** capital-funded companies, **200+** companies benefiting from acceleration programs
- 50** new companies financed each year

€400 MILLION RAISED

- More than **€260 million** raised by I&P and its partner funds from African and international investors and funders.
- €140 million advised funds** by I&P (I&P Ecosystems)

4 PILLARS OF ACTIVITY

- 3 pillars** dedicated to SME funding and support: I&P Acceleration, I&P Development and I&P Expansion
- With financing needs ranging **from €10,000 to €5 million**
- 1 pillar dedicated to the business environment** : I&P Ecosystems



I&P Afrique Entrepreneurs 2

I&P Afrique Entrepreneurs 2 aims to pursue and deepen the impact mission of the I&P group and promote the emergence of a new generation of responsible African entrepreneurs by consolidating the achievements of IPAE 1 and deepening its impact in a complex African context.

○ Calendar	2017-2027
○ Status	Divestment period
○ Size	€92 million
○ Sectors	Generalist (all sectors)
○ Portfolio	27 companies
○ Tickets	€300,000 - €3 million



Equity investing: IPAE 2 invests in SMEs as a minority shareholder, in equity or quasi-equity. The shareholding is operated through a capital increase, with an investment amount that ranges between €300,000 and €3 million.



Impact-oriented portfolio management :

IPAE 2's carried interest is linked to the achievement of several impact objectives (African entrepreneurs, Least Developed or fragile countries, companies led by women, providing essential goods and services).



Technical assistance: I&P deploys technical assistance's resources to improve the skills, knowledge transfer and training of entrepreneurs and their teams.



Geographic focus: IPAE 2 is deployed in Western and Central Africa, East Africa (focus on Kenya), and in Madagascar.

Company Focus

Delta SA, Senegal

Founded in 2002, DELTA S.A. is a family-owned Senegalese company specializing in sanitation and public works. DELTA provides maintenance of sewerage networks in several areas of the city of Dakar and in the regions of Senegal.

[Watch the promoter's interview](#)



IPAE2's Mission in an African environment

Permitting resilience amid ongoing uncertainty



African Macroeconomic Context

Africa is facing a strong **macro headwinds** in 2023, which is likely to stay in 2024. On the other hand, African economies are also suffering from other **geopolitical fragmentations** as of the **security tensions in the Sahel** as well as an **increasing climate change challenges**.

MACROECONOMIC CONTEXT

- **Increasing geopolitical fragmentation** (Ukrainian-Russian war, competition between the USA and China), with repercussions on food supply and prices, and public development aid.
- **Public debt burden:** Nine African countries are in debt distress, 15 are at high risk of debt and 14 at medium risk. Ghana's financial health is also under scrutiny, with one-fifth of its tax revenues going towards debt servicing.
- **High interest rates and volatile exchange rates:** High interest rates can devalue SMEs, and delay outflows for debt investments. High interest rates and the rising value of the dollar make debt servicing more expensive.

SECURITY TENSIONS

- Cumulative challenges of growing insecurity, political instability, climate change and geopolitical fragmentation.
- 2024 will be a challenging electoral year: 19 countries are scheduled for presidential or general elections in 2024 including in Mali, Senegal, Burkina Faso and Ghana.

CLIMATE CHANGE

- Six of the ten countries most vulnerable to climate change are in Africa.
- Direct, indirect and transitional risks on SMEs
- Opportunities on sustainable business activities



02.

Impact Thesis and Methodology

Why focusing on SMEs?

Developing a fabric of formal small and medium-sized businesses is key to ensure sustainable and inclusive growth in Sub-Saharan Africa. These companies notably:



CREATE STABLE AND DECENT JOBS

- Formal SMEs are **the pillars of job creation in Africa**.
- Formal jobs offer **higher and regular wages**, which allows families to plan for the future, save money, and thus improve their access to credit, housing and education.
- These jobs provide access to **training opportunities** and **social security benefits**.



STRUCTURE LOCAL ECONOMIES

- SMEs, which are generally created and led by **African managers**, stimulate local growth.
- They tend to **source locally** - more than multinationals, which rely on international networks. SMEs structure local value chains, beyond the ripple effect they may have on their suppliers and distributors.



IMPROVE LOCAL ACCESS TO ESSENTIAL GOODS AND SERVICES

- In Africa, many essential products and services are unavailable locally or difficult to access. Mainly focused on domestic markets, many African SMEs are trying to **fill in these market gaps**.
- SMEs address a **wide variety of local needs, some of which are essential**: water, health, housing, education, energy, and financial services.



PRESENT SIGNIFICANT GROWTH POTENTIAL

- When they are **financed and supported**, SMEs have high growth potential.
- The financing of the early stages of development can lead to exceptional growth rates.

“

SMEs in Africa represent around 90 per cent of all businesses and contribute up to 33 per cent of Africa's Gross Domestic Product (GDP). small and medium enterprises also account for about 40 per cent of the total employment in Africa, making them a crucial source of jobs on the continent.'

*The African Development Bank Group, **Unlocking the Potential of SMEs for Sustainable Development in Africa** (2024)*

IPAE2 responds to the needs of African SMEs

In most developing countries, there is a significant lack of formal SMEs. In Africa, these SMEs are the real missing middle of African economies. These enterprises face two key obstacles: lack of access to long-term financing and to skills and human resources.



“

SMEs create new jobs, drive innovation, and provide goods and services that meet consumer needs, but they have limited access to resources, knowledge, and business financing. For SMEs to grow, these challenges must be addressed.

ANDE, “ANDE at 10 Years: Impact and Influence on the SGB Sector” (2019)

ACCESS TO FINANCING

40% of SMEs cite access to finance as a major constraint to their growth as they do not meet the criteria of traditional financial institutions (microfinance, commercial banks, etc.).

- I&P provides **equity and quasi-equity financing** and seed funding.
- I&P financing provides companies a significant **leverage effect** and enables them to raise additional money more easily.

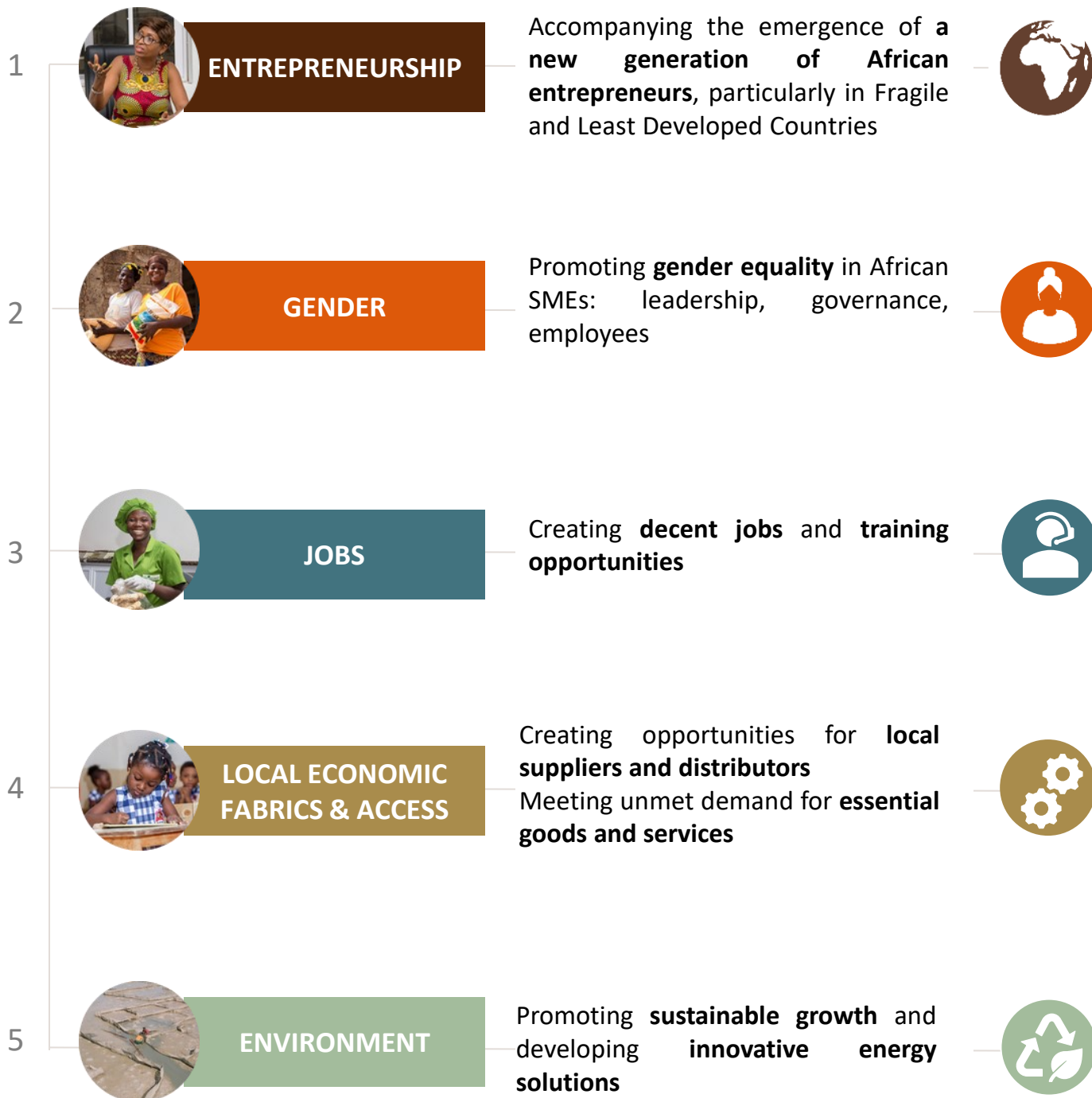
ACCESS TO SKILLS

SMEs face **difficulty recruiting key personnel**, especially at the middle management level.

- I&P offers portfolio companies **personalized management support** in various areas of expertise (strategy, accounting, financial management, etc.)
- Our new program, **I&P Education to Employment**, aims to strengthen the local skills market by supporting private educational and vocational training sector initiatives

Impact thesis

Promote local entrepreneurship to foster inclusive growth and stability in Africa



Main contribution to the SDGs



A mission anchored in the impact carried



Rationale

We seek to maximize impacts through proactive management of the portfolio, based on **7 measurable targets**, aggregated at the portfolio level. The fund's final impact performance will be assessed against these 7 key impact targets, which would be fully achieved in a **best-case scenario**.

The **impact performance is reflected in the fund's incentive structure**. This structure is expected to reward the team to the extent to which impact targets are met (or not).

If the financial hurdle rate is achieved (IRR > 5%), the carried interest percentage for the investment manager (within a range of 10% to 17%) will be adapted according to the achievement of the key impact targets.



Calculation of the extra carry

The **final carry will be comprised of between 10% and 17%** for the fund manager, depending on the level of achievement of key impact targets, as presented below. To ensure impact data reliability, impact figures will be audited two or three times in the fund's life.



IPAE2 Key Impact Targets

IPAE's measurable impact targets



ENTREPRENEURSHIP Accompanying the emergence of a **new generation of African entrepreneurs**, particularly in Fragile and Least Developed Countries

1. **Key impact target: 70%** (or more) of companies owned or led by leaders rooted in Africa over the long term
2. **Key impact target: 70%** (or more) of companies operating in Least Developed Countries or Fragile Countries



GENDER Promoting **gender equality** in African SMEs: leadership, governance, employees

3. **Key impact target: 35%** (or more) of companies owned or led by a woman or with more than 30% of women in senior leadership positions



JOBS Creating **decent jobs** and **training opportunities**

4. **Key impact target: 50%** (or more) direct employment growth during the holding period (at the portfolio level), provided that jobs created have decent conditions
5. **Key impact target: 50%** (or more) of companies improving health and safety in the workplace or social protection for employees during the holding period



LOCAL ECONOMIC FABRIC Creating opportunities for **local suppliers and distributors**

ACCESS Meeting unmet demand for **essential goods and services**

6. **Key impact target: 50%** (or more) of companies providing local goods or services that address essential needs and the new United Nations SDGs



ENVIRONMENT Promoting **sustainable growth** and developing **innovative energy solutions**

7. **Key impact Target: 50%** (or more) of companies implementing “green” projects (renewable energy, energy efficiency, CO2 capture or offset, waste or effluent management, sustainable agro-business, etc.)

Extra-financial committee

Independent members who push us to excel in our efforts

The **Extra-financial committee is composed of independent members** and is consulted at least annually (the last meeting was held on May 22nd, 2024). Members have helped us greatly to evolve and improve our annual reports with their thoughts and comments.

The committee's roles and responsibilities include:

- Reviewing the extra-financial policy and specific goals
- Reviewing the fund's annual ESG and Impact report
- Discussing the ESG action plans of our partner companies
- Verifying our alignment with IFC Operating Principles for Impact Management



Natou BAMBA COLON
*Founder and CEO,
ICG consulting*



Mariam DJIBO
*Executive Director,
Advans (Côte d'Ivoire)*



Michel JACQUIER
*Former Deputy CEO of the
French Development Agency*

FOCUS: I&P AMONG THE EARLY ADOPTERS OF IFC'S OPERATING PRINCIPLES FOR IMPACT MANAGEMENT

The **Operating Principles for Impact Management** provide a **framework for investors to ensure that impact considerations are integrated throughout an investment lifecycle**. It is a market standard designed to bring greater transparency, credibility, and discipline to the impact investment market. The Impact Principles were developed by IFC in collaboration with private and public sector asset owners and asset managers.



**Operating Principles for
Impact Management**

[Discover our
disclosure statement](#)

I&P is among the early adopters of the Principles. Our disclosure statement has been reviewed by the members of the Extra-**Financial** committee to confirm the compliance of the impact management system described in I&P's policies and procedures in regard to the Principles.

ESG and Impact management on IPAE2

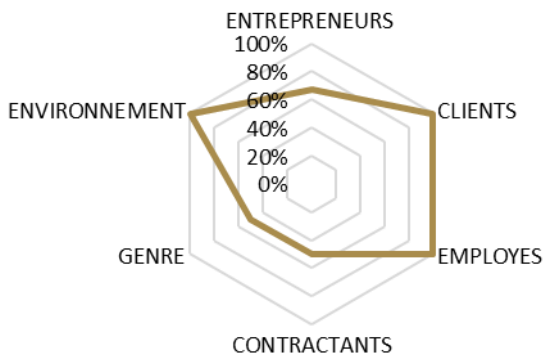
From screening to exit

Screening

Assessing prospective impacts

I&P employs **Impact Screening Scorecards** to align with the fund's core impact objectives and identify opportunities for enhancing overall impact:

- + on **local entrepreneurship**
- + on **women empowerment**
- + on **employees**
- + on **clients**
- + on **suppliers and distributors**
- + on the **environment**



Due diligence

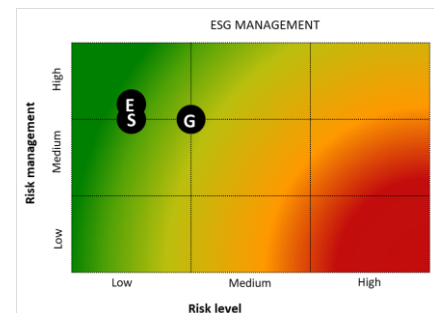
Conducting ESG due diligence

I&P conducts **in-depth analysis of ESG risks** based on IFC Performance Standards:

Social: working conditions and HR management, occupational health and safety and impact on local communities...

Environmental: water and waste management, biodiversity, etc.

Governance: business integrity, corporate governance framework...



Exit

Ensuring good impact management after exit

I&P carefully identifies buyers who **support the sustainability of the company's impacts** and uphold strong ESG practices.

These topics are integrated from the start into the discussions with potential buyers.

Potential buyers are required to present an ESG strategy in their offer, and this will be considered into the scoring

Monitoring

Implementing ESG action plans and measuring impact

ESG action plans are devised by investee companies and I&P, with the appointment of an ESG point of contact within the company

Regular **progress assessments and updates** to the action plan are conducted, along with an **annual collection and analysis of impact indicators** using an in-house IM tool based on IRIS metrics

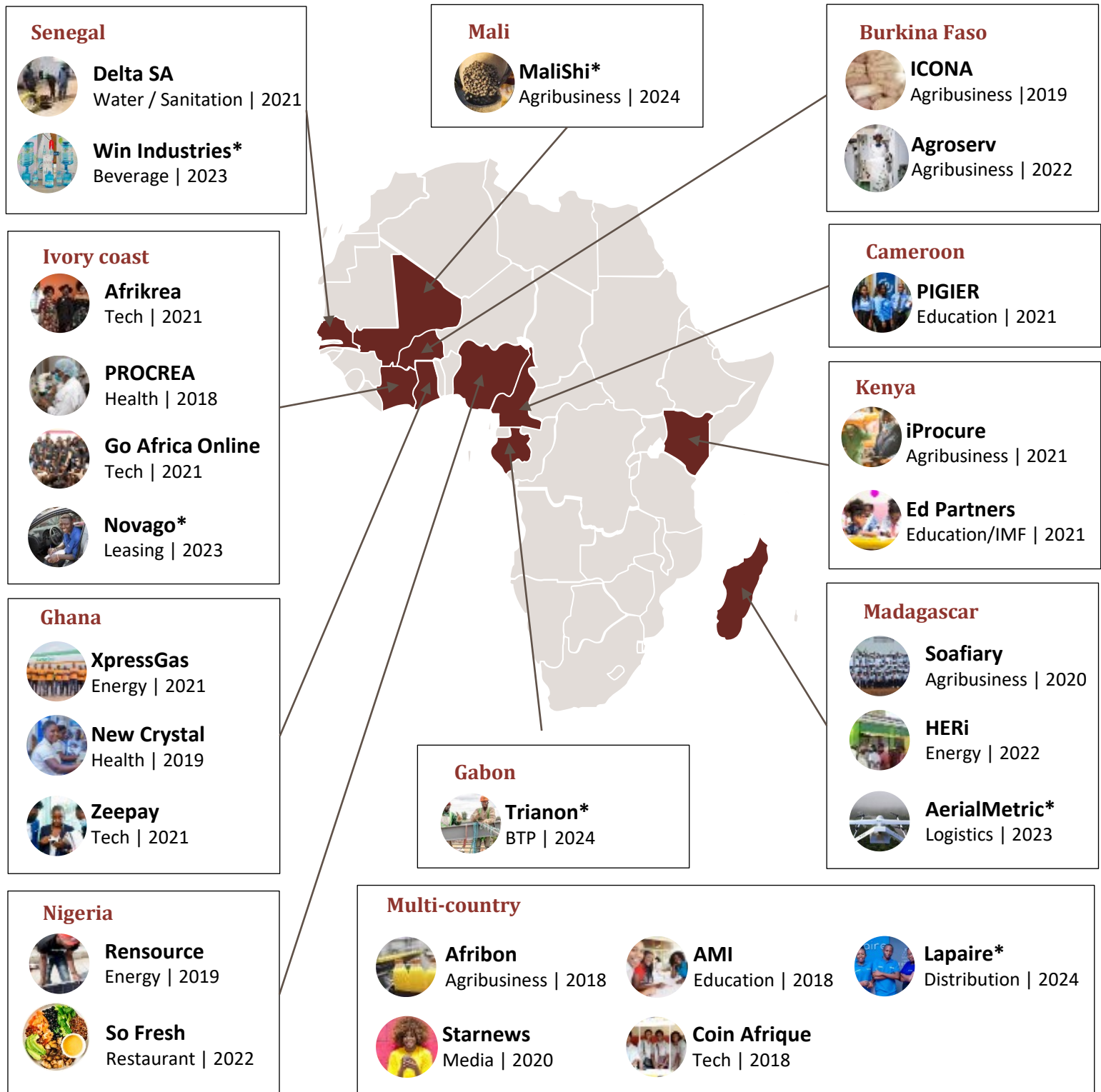
Previous Impact reports available on our [website](#).



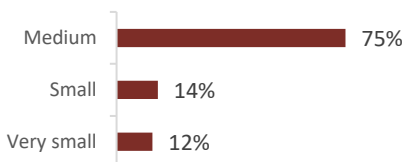
03.

Portfolio Overview

IPAE 2 portfolio overview

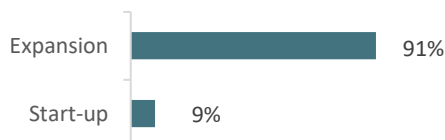


Size of portfolio companies



Very Small SME : Turnover < €1M
 Small SME : €1M < Turnover < €3M€
 Medium SME : €3M < Turnover

Maturity



Note: The percentages in each category are calculated according to the level of IPAE 2's financial commitment in each company.

69%






of funds committed in Least Developed and/or Fragile Countries¹

¹As defined by the United Nations and the World Bank

Impact-oriented portfolio management

Among the 7 IPAE2's key impact targets, 4 of them (Key impact Target 1, 2, 3 and 6) are static and have reached their final value at the end of the investment period last September. IPAE2 has managed to reach 3 of 4 targets. This shows the very good impact performance as these target was set up at a very ambitious level. 65% of investees are operating in LDC and fragile countries. The other companies are mainly based in Ghana and in Kenya. Giving the current economic situation of these two countries (money devaluation, high inflation), IPAE2 support is key for these company. Job creation, health and safety improvement, and green project implementation are targets that are still under monitoring. We have good hope that the fund will be able to meet these targets, given the current trend.

In 2023, targets 1, 3, 5 and 6 have been achieved. Employment growth, currently at 46%, grew by 7% year-on-year in 2022. It is therefore showing good momentum and could reach the expected target of 50% in the coming years. With regard to "green projects"¹, 46% of companies are currently implementing this type of project. An E&S action plan has been put in place for the 6 new companies, to reinforce the adoption of green projects.

	Key impact target	Target	2023 progress
ENTREPRENEURSHIP Accompanying the emergence of a new generation of African entrepreneurs , particularly in Fragile and Least Developed Countries			
	1. Percentage of companies owned or led by leaders rooted-in Africa on the long term	70% or more	81%² page 21
	2. Percentage of companies operating in Least Developed Countries or Fragile Countries	70% or more	69% page 21
GENDER Promoting gender equality in African SMEs: leadership, governance, employees			
	3. Percentage of companies owned or led by a woman or with more than 30% of women among senior leadership positions	35% or more	69% page 24
JOBS Creating decent jobs and training opportunities			
	4. Percentage of direct employment growth during the holding period and aggregated at the portfolio level, provided that jobs created have decent conditions	50% or more	46% page 25
	5. Percentage of companies improving health and safety in the workplace or social protection for employees during the holding period	50% or more	85%
LOCAL ECONOMIC FABRIC Creating opportunities for local suppliers and distributors			
ACCESS Meeting unmet demand for essential goods and services			
	6. Percentage of companies providing local goods or services that address essential needs and the new UN Sustainable Development Goals	50% or more	81% page 27
ENVIRONMENT Promoting sustainable growth and developing innovative energy solutions			
	7. Percentage of companies implementing "green" projects	50% or more	46%

¹ Green projects are intentional activities, carried out by companies, that have a positive impact on the environment, such as the use of renewable energy, waste management, energy efficiency projects, etc.

² Green circles correspond to targets achieved by 2023.



04.

Impact Focus



Supporting responsible entrepreneurship

IPAE 2 pursues two impact objectives regarding the companies in portfolio:

- 70% (or more) of companies **should be owned or led by leaders rooted-in Africa on the long term**
- 70% (or more) of companies **should be operating in Least Developed Countries or Fragile Countries**

A great majority of IPAE 2 entrepreneurs and managers with local roots

Many operating in the poorest and most fragile countries

73% of entrepreneurs in our portfolio are **rooted in Africa** over the long term

69% of our partner entrepreneurs operating in **Least Developed Countries or Fragile Countries***

**As per UNDCP list of Least Developed Countries and the WB list of fragile and conflict-affected Nations.*





Supporting entrepreneurship underserved by traditional financing

Strong additionality of IPAE 2's investment

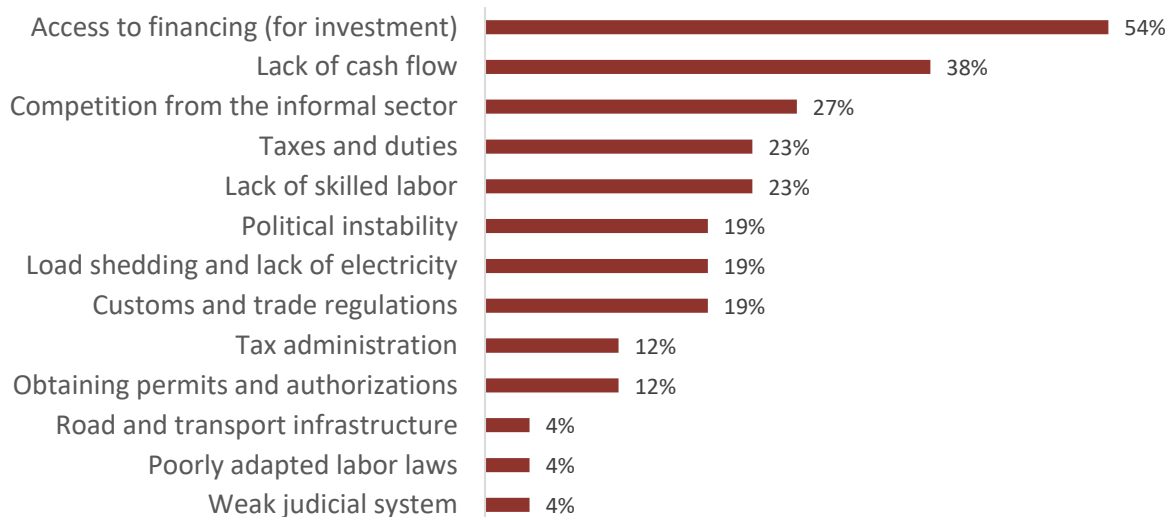
88%

of companies would have had to carry out their investment project at a smaller scale without IPAE2's funding.

Among them, 65% would not have been able to carry out their investment without IPAE2, and 31% would have been but at a smaller scale or a slower pace.

According to the World Bank Enterprise Surveys, access to finance is one of the 5 main obstacles faced by companies. In fact, it ranked first among our partner companies.

Main obstacles faced by our investee companies during their development process



SDG 17.3
Mobilize additional financial resources



Leverage effect of IPAE2's investment

SMEs face **significant difficulty securing external financing** from local commercial banks and other traditional financiers.

We assist our entrepreneurs in their **negotiations with other local or international financial institutions** or by participating in the search for new shareholders, using our networks



(* This figure is computed by dividing the amount invested (equity, debt, and subsidies) by investors other than IPAE2, by the amount of IPAE2's investment (equity and debt).



Support from the technical assistance program

IPAE builds strong partnerships with its investee companies by providing them with both financing and managerial support. Given the lack of human and financial resources in Africa, IPAE's technical assistance (TA) program is critical to fostering capacity building, skills transfer and training in partner companies and is complementary to IPAE's general strategic and management mentoring. The TA program is funded by grants from the European Investment Bank and FISEA (€1.5) and co-finances a great variety of support missions being carried out by independent specialists.

Main figures



54 missions have been conducted and **12** are still in progress.



A total budget of **€981K** financed by IFC (€179k), EIB (€282k), FISEA (€122k), DGGF (€174k), and investee companies (€225k).

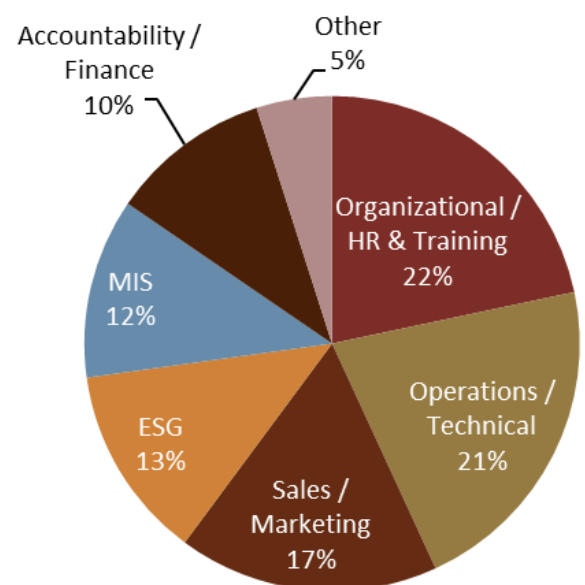


4 018 days of consultancy have been dedicated to completed TA missions.



51 different experts, **53%** of them African, have been committed to TA missions.

Areas of action



EXAMPLE OF A MISSION: Ed Partners

Ed Partners Africa is a non-banking finance company based in Kenya whose mission is to increase access to affordable quality education in Africa. The company has managed to prove its business model in Kenya and is now raring to scale up within Kenya and later-on across the continent.

Type of TA: Post-investment

Objectives:

- To elevate Ed Partners profile by creating visibility and positioning globally as a thought leader in education.
- Leverage Ed Partners track record to produce content on impact.
- Establish Ed Partners as thought leader in education financing, credit for impact, fintech for impact, and related strategically relevant themes through written op-eds and interviews.

Assessment and results:

The mission enabled Ed Partners to build a **communication strategy** that amplifies the brand and delivers the vision and mission of the company to external stakeholders positioning Ed Partners as a key education finance provider.

The team at the marketing and digital department gained **better knowledge** to handle the branding and communication of Ed Partners. They received **training** on the content planning and development and were able to develop their skills through peer-to-peer learnings from the consultant.

The mission has impacted the social media strategy of Ed Partners as they are now able to **use social media** (Facebook, Instagram and Twitter) for their **communication and branding**.



GENDER



Promoting women empowerment

69%

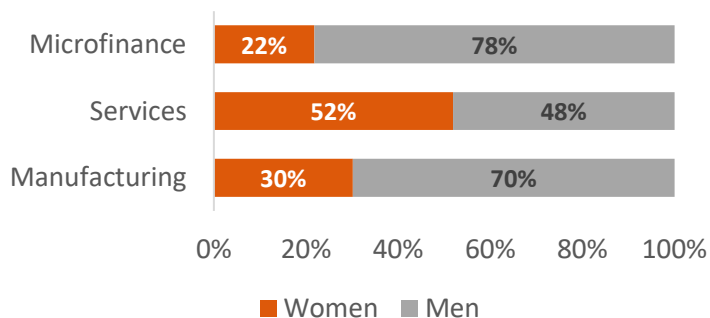
of IPAE2's portfolio companies are led by a woman or with more than 30% women among senior leadership positions, above our target.

41%

of women employees

Women in employment

2023 IPAE2 Portfolio - Gender Performance



5 GENDER EQUALITY



SDG 5.5

Ensure women's full participation in leadership

2X CHALLENGE
FINANCING FOR WOMEN

88% of IPAE2's portfolio companies satisfy at least one of the 2X Challenge criteria.

35% of those companies satisfy at least two criteria.

Women in management

ENTREPRENEURS

7% of CEOs in Africa*

27% women-owned or led companies (IPAE2)

TOP MANAGEMENT

22% of executive committee members in Africa

36% of senior leadership positions (IPAE2)

(*) World Bank Enterprise Survey, 2019

Women among our companies' clients

I&P's gender policy also implies that its portfolio includes firms that are directly responding to gender issues in Africa by:

Offering services or goods completely dedicated to women (Procréa)

7,415

gynecological consultations

Commitment to women in supply chain (Mali Shi)

12,658

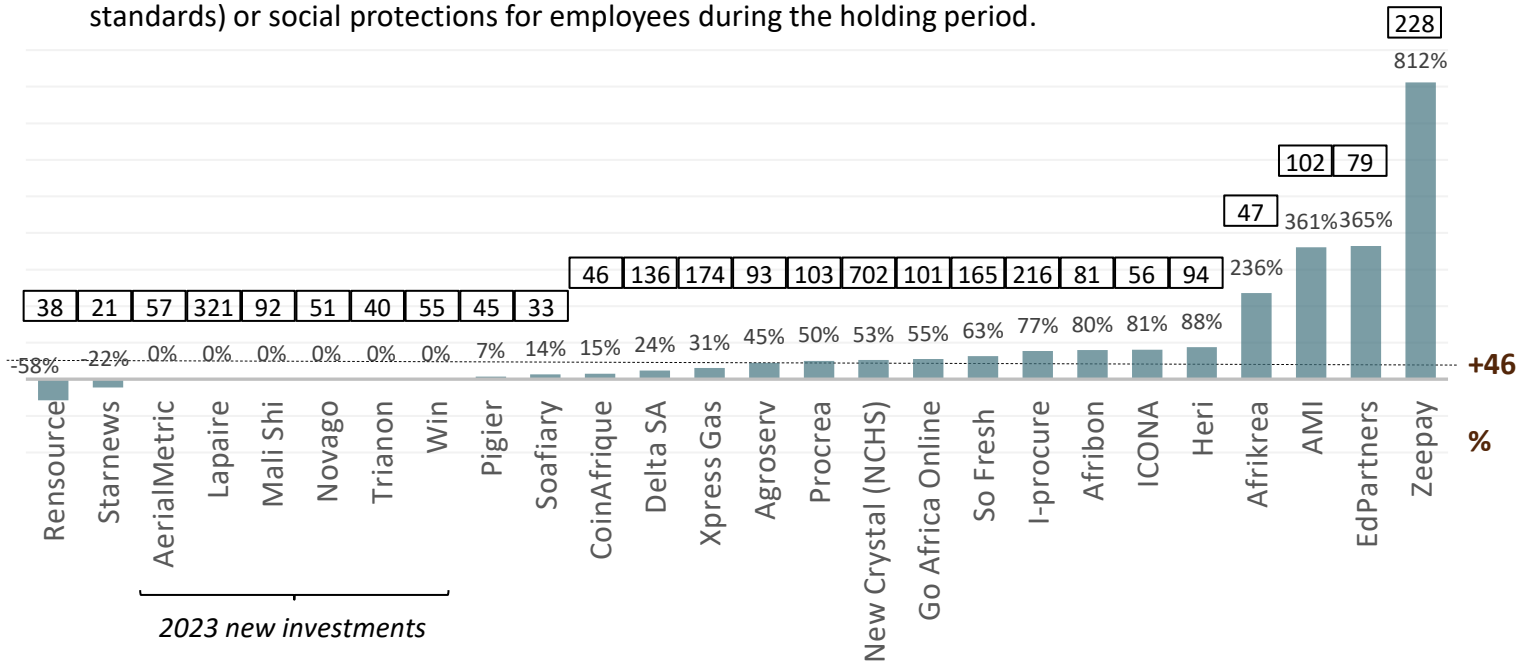
Almond kernel women collectors solicited



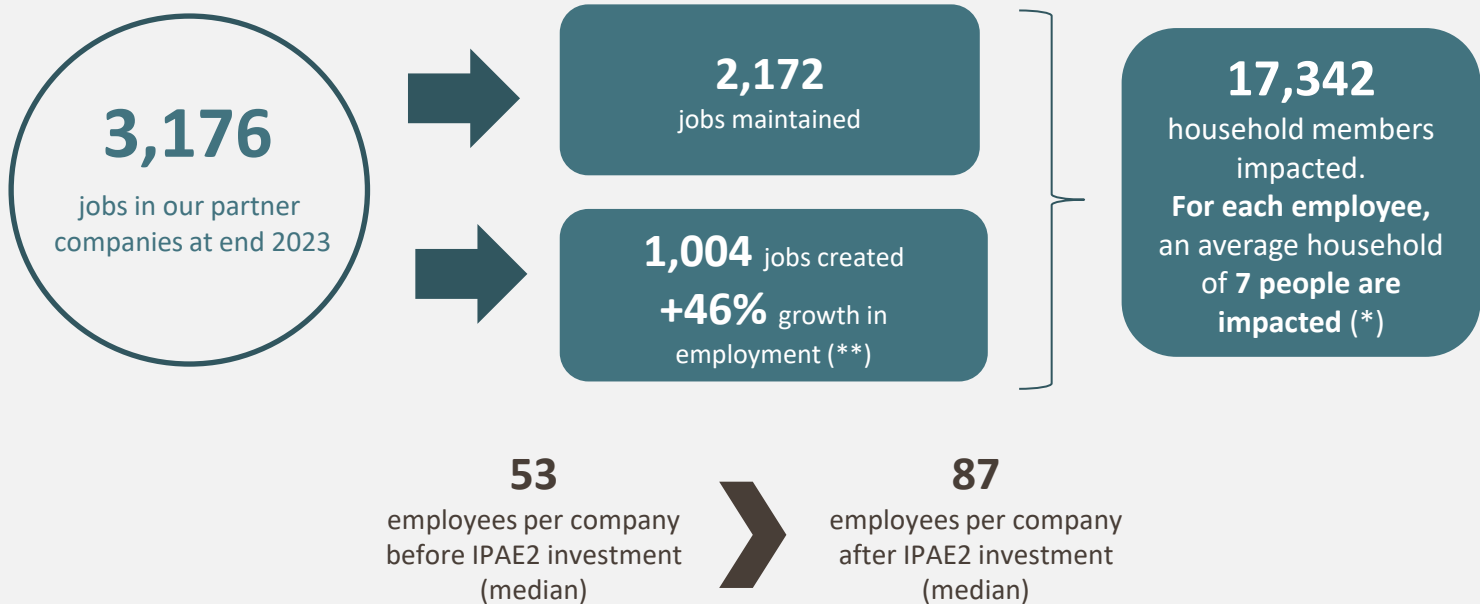
Creating decent jobs

IPAE 2 pursues 2 impact objectives regarding job creation:

- 50% (or more) of direct employment growth during the holding period and aggregated at the portfolio level, provided that jobs created have decent conditions.
- 50% (or more) of companies improving health and safety in the workplace (beyond compliance with IFC standards) or social protections for employees during the holding period.



To date, our portfolio has achieved **46% growth in employment**. ZeePAY (Multi-country) and EdPartners (Kenya) showed the most significant leaps with growth of 365% and 812% respectively.



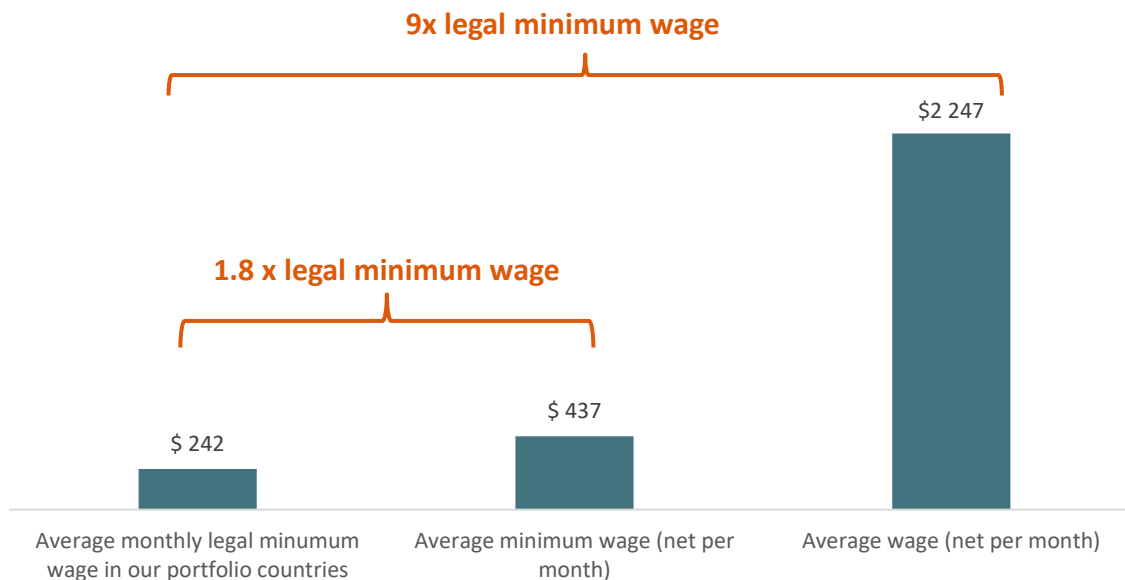
(*) This figure is computed by multiplying the number of employees by the average household size in each country, based on GDL data available online: <https://globaldatalab.org/areadata/hhsize/>

(**) Above benchmarks founded on investment sector (Norfund, IFC, PE in Europe)



Wage level

Average minimum wage is almost twice higher than the legal minimum wage



We use the Purchasing Power Parity (PPP) conversion rate to control for the variable cost of living in various countries. CEO wages are not taken into account in order to more accurately reflect the reality of salary levels.

Fifty six (56%) of the companies have a minimum wage 50% higher than the monthly legal minimum wage in their country. Most companies therefore offer a wage above the legal minimum, the average minimum wage being on average 80% higher than the legal wage. Economically speaking, the portfolio wage responds for the most part to the "decent" or "living wage" in Africa. Even if there is no common definition of this concept, we have tried to approach it.

FOR MORE INFORMATION: ABOUT A DECENT WAGE IN AFRICA

A decent wage is the remuneration allowing a worker to afford a decent standard of living for the worker and its family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.

While the general idea is accepted, its measurement is more difficult and several methodologies are in conflict. The Global Living Wage Coalition provides living wage estimates for different African countries, based on Anker's methodology which starts from food prices and housing costs to establish a living wage. Through these different estimates, we can quickly see that **minimum wages are often far from living wage levels in Africa.**

In Burkina Faso and Madagascar, **the living wage in rural areas is more than twice the legal minimum wage in force** in the country (Global Living Wage Coalition, 2020).

Aware of the limits and weaknesses of minimum wages in African countries, I&P is initiating reflections to move forward on the calculation of this living wage within our different countries of intervention in order to progress in the decent work agenda.



Addressing basic needs in Africa (1)

IPAE 2 pursues one main impact objectives regarding clients and local communities: **50% (or more) companies improving local access to goods or services addressing essential needs and the UN Sustainable Development Goals**

The role of I&P in achieving the SDGs goal in Africa

Responding to the main development challenges in Sub-Saharan Africa is at the heart of I&P's mission.

Inside our impact strategy, the pillar “access to essential goods and services” is taken into account in our impact scorecard. We refer to the framework established by the United Nations to select our investments. Companies that meet criteria get a higher impact rating in our pre-investment analysis.

Through these commitments, our partner companies are largely contributing to the achievement of the Sustainable Development Goals.

FOCUS: What are the UN Sustainable Development goals ?

The Sustainable Development Goals (SDGs), also known as the Global Goals, are a **global call to action to eradicate poverty, protect the planet, and ensure that all people live in peace and prosperity**. The UNDP is in charge of helping countries to reach the 17 SDGs and of assessing improvement around the world. According to an experts assessment on the development on Africa Sustainable Development, the continent is making progress toward 12 of the 17 Sustainable Development Goals (SDGs), but not at a fast enough pace to meet the targets by 2030. (Addis Ababa, 21 April 2024, ECA).

Africa is still the continent the farthest behind in achieving the SDGs :

- On SDG1 (No poverty), the poverty in Africa is dynamic, pervasive, and complex. Africa has the greatest rates of extreme poverty globally, with 23 of the 28 poorest countries in the world having extreme poverty rates above 30%.
- Without further action, SDG 4 predicts that by 2030, 82 million children and youth will not be in school, and just one in six countries will have universal secondary education (SDG goals report, 2023).
- On SDG7.1.1, electricity coverage increased from 44–56% of the continent's population between 2010 and 2023;
- On SDG 13, the SDG report, 2023 stated that Africa has been the site of 60% of global climate disasters. Climate calamities affected 12.5 million people in Africa.
- Only 29.8% of managerial positions in Africa in 2022, excluding North Africa, were held by women, a modest increase from 29.3% in 2015.
- Among investors, just 12% of senior general partners in sub Saharan African private equity/venture capital firms are female.

88% of our current partner companies **address the needs of the African population or African companies** (i.e., these companies focus mainly on the local market and not on exports)

81% of our current partner companies improve local access to goods or services that **address essential needs and the UN Sustainable Development Goals***

() Investment companies can improve local access to essential goods or services, as direct providers or as part of the value chain. Essential goods and services include: food, water, sanitation, energy, land, health, lifelong education and learning, housing, clothes, media and information, new technologies, financial services for underserved populations, and passenger transport.*



Addressing basic needs in Africa (2)




GOAL 2: Achieve food security and improved nutrition

- ICONA** Feeding the Burkina's livestock
- iProcure** a technology enabled logistics and a distributor of agri-inputs in Kenya
- Agroserv** An industrial unit processing maize into gritz and flour
- Soafiary** Feeding the Madagascar's livestock
- So Fresh** A Nigeria's pioneer and market leader in the healthy food Quick Service Restaurant space

 **852**

Tons of a flour sold by Agroserv in 2023


5,072 

Tons of grain sold by Soafiary in 2023




GOAL 3: Ensure healthy lives and promote well-being for all at all ages

- Procréa** Quality healthcare for women and children
- New Crystal** Quality healthcare with a focus on the urban poor
- Lapaire** Provides access to quality eyewear for Africa's middle and working classes
- AerialMetric** Company operating aircraft in Madagascar for the delivery of medical goods by cargo drone on last-miles, for the spraying of bio larvicides and for topography

250 

Remote communities served by AerialMetric in 2023


 **188,056**

Pairs of glasses sold by Lapaire in 2023



GOAL 4: Ensure inclusive and quality education

- AMI** Provides formalized training to empower managers and entrepreneurs
- Pigier** Private business school for higher education
- EdPartners** Provides adapted financial solutions to the education sector in East Africa

 **6,668**
people trained in 2023

416 educational institutions received a loan from EdPartners in 2022



GOAL 6: Clean Water and Sanitation

- Delta S.A.** Sanitation and public works services in Senegal
- Win Industries** Production and marketing mineral water in 5 bottle formats through the "O' Royal" brand

78,966m³
of waste material processed in 2022




Addressing basic needs in Africa (3)



GOAL 7: Affordable and clean energy

Rensource Providing affordable and reliable electricity to SMEs in Nigeria

HERi Madagascar Distribution and financing of solar energy solutions in rural areas of Madagascar

 **567.3** TeqCO2 Emissions avoided by Rensource in 2023

23,481 Solar lamps leased by HERi Madagascar in 2023



GOAL 8: Support productive activities and entrepreneurship

Coin Afrique A digital peer-to-peer marketplace

Go Africa Online Professional networking and online directory online business directory

Afrikrea Online marketplace, specializing in African-inspired fashion and crafts

2,207  Offers published on Go Africa Online platform in 2023

23,326 vendors subscribed in 2023 on Afrikrea platform



GOAL 11: Make cities and human settlements inclusive, safe, resilient and sustainable

Trianon Company specializing in the design and construction of end-to-end projects intending to develop mostly single-family homes and targeting real estate programs for the medium/top-of-the-range standing, with the ambition of eventually developing a few low-cost.



GOAL 17.3: Mobilize additional financial resources for developing countries from multiple sources

Zeepay Fintech providing Digital Termination of Remittances

 **1,393,102** Zeepay account holders in 2023



Focus: Lapaire Glasses

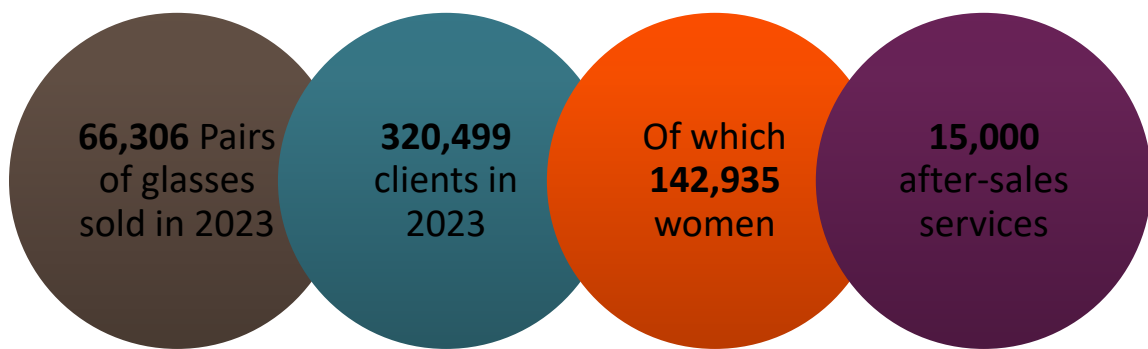
Access to quality pairs of glasses at affordable prices for all segments of the population

In sub-Saharan Africa, over **4.5 million people suffer from a preventable form of blindness**. According to the WHO, 6% of the continent's population suffers from sight problems ranging from mild myopia to blindness. And in 80% of cases, blindness could easily be avoided. This problem is easily treatable by wearing glasses, **yet quality pairs of glasses are difficult to afford for the mass of the population** in Africa due to their price.

Lapaire Glasses is an entry-level eyewear distribution chain that began in 2018 in Kenya and is now present in 7 African countries (Benin, Burkina Faso, Côte d'Ivoire, Kenya, Mali, Togo and Uganda). It is developing an unprecedented mass-market offering with standardized processes (eyewear macdos) aimed at low- and middle-income populations who (i) are unaware of their eyewear needs and (ii) mistakenly believe that eyewear is beyond their purchasing power. Lapaire chases customers online (social networks) with the promise of free eye tests, then lures them into one of its 50 boutiques for a free eye test, followed in 95% of cases by prescriptions for eyewear (corrective, protective, sunglasses, etc.) at an average price of \$50, with payment options in several instalments.

Its impact on the local basic needs in Africa:

- Access to quality products at affordable prices for all segments of the population
- Improved access to (non-medical) eye health diagnostic services for the population
- Improving and popularizing access to eye care for the African population, including vulnerable groups



EMPLOYEES

- 321 full-time employees are working for Lapaire Glasses
- 48% of employees are women
- 33% of women among top management

3 GOOD HEALTH AND WELL-BEING



SDG 3

Ensure healthy lives and promote well-being for all at all ages



Indirect impacts on local stakeholders

I&P's impact mission: I&P impact goes beyond the scope of its partner companies; through investments in African SMEs, I&P also aims at contributing to the economic development of the continent from a larger perspective. Our partner SMEs are indeed taking part in an ongoing dynamic of building and strengthening the fabric of African economies by working mostly with local suppliers and contributing to political stabilization and social redistribution.

How to generate indirect impacts

Impact on local suppliers

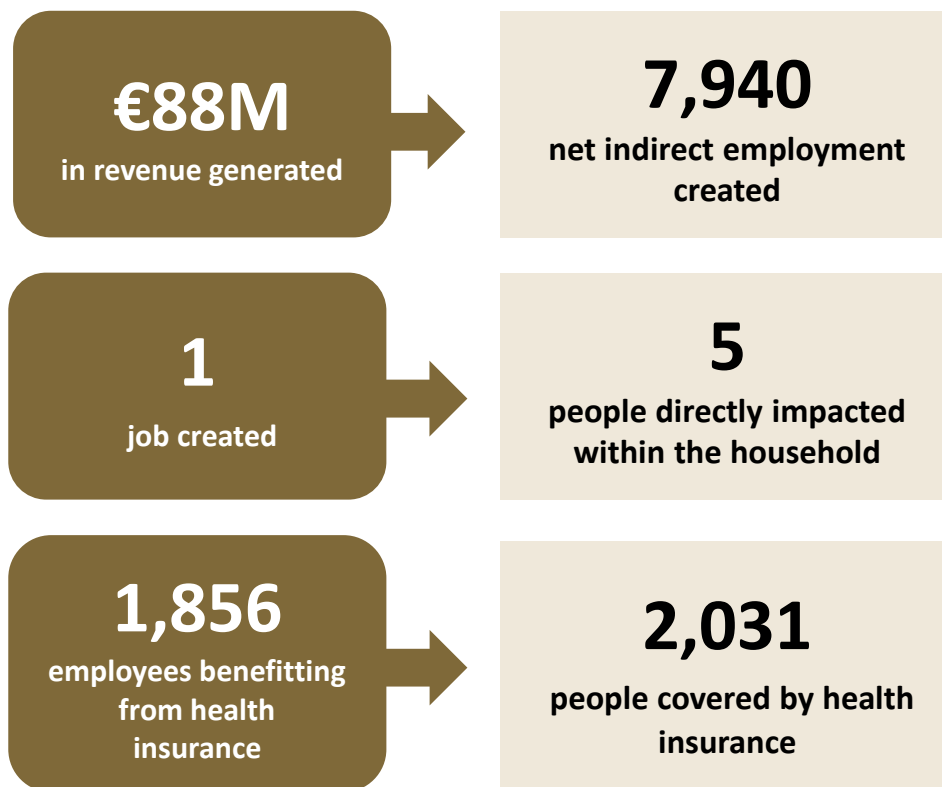
I&P impact measures take into account the impact of our portfolio on local supply chains by promoting firms that are deeply rooted in the local economic fabric.

The effects of SME formalization

SME formalization contributes to the growth and strengthening of local firms by enhancing best governance practices and formalizing employees' status and rights.

Contributing to African countries' resource mobilization

Six companies in our portfolio directly contribute to the mobilization of national resources through the payment of taxes.





Indirect impact on competitors and local suppliers

Small and medium-sized companies are facing market struggles such as the fragility of the global value chains and the concurrency of the informal sector, which made up between 25-65% GDP in Sub Saharan Africa and provided 30-90% of the employment. On the other hand, Africa's share of the global creative economy remains disproportionately low – accounting for \$58.4bn and only 2.9% of global exports for creative goods and 1% of the GDP.

Strengthening exports within African sub-regions and substituting imports with domestic production are at the heart of our mission. We also want African companies to be able to move up the value chain by processing higher value-added goods locally before exporting them.

A powerful indirect impact is that of market share gains. Where does the growth of our companies come from? These gains can come from several sources, which we have grouped into three categories: import substitution, informal sector substitution and a fast-growing local market.

Market shares and indirect impacts on competitors

- **46%** of our partner companies **capture part of their market share from import substitution to importing firms.** In addition to having a positive effect on the balance of payments by reducing the outflow of foreign currency needed to acquire foreign imports, this import substitution also makes it possible to strengthen the autonomy and sovereignty of African countries.
- **88%** of IPAE 2 companies **benefit from local market opportunities.** As the needs of local populations are far from being met, our companies are positioning themselves in markets where the needs are immense and have not been satisfied until now.
- **50%** of IPAE 2 SMEs **partly supplant the informal sector in their market segment.** In this case, the creation of jobs and value added generated by our partner companies could be translated into a decrease in informal businesses. The net impact is then difficult to identify from a quantitative point of view. However, this substitution of the informal sector generally allows for important qualitative progress by promoting more stable and better paid jobs with access to social protections.

Ripple effect on local suppliers

902

suppliers have contracted with IPAE2's companies in 2023

26

IPAE2 SMEs currently in portfolio

€20.7M

intermediate consumption in 2023

48%

are local suppliers



Environmental friendly development

I&P's climate policy

I&P wish to establish a “climate policy” to formalize our objectives and approaches to climate-resilient economic growth in Africa through private finance and local entrepreneurship. This policy will be carried out at two levels:

At I&P: in line with our B-Corp certification, we have implemented several actions to **reduce our carbon footprint** at our headquarters (green electricity supplier, offsetting of carbon emissions, implementation of more extensive waste sorting, reduction of plastic packaging for lunch, etc.)

In our partner companies: **environmental risks** are systematically analyzed. As explained in our impact monitoring methodology, an environmental impact objective has been set in our Extra Carry, etc.

For the **successor fund, IPAE3**, the impact thesis will have a strong climate focus, with three objectives in particular: companies offering solutions for adapting to or mitigating climate change (i), companies supported in adaptation and mitigation strategies (ii), and decarbonizing the portfolio by decoupling CO2 emissions from company turnover.

Reducing the portfolio's carbon footprint

OUR APPROACH:

- Our partner companies can play an active role in experiencing and sharing **new and replicable energy efficiency and renewable energy solutions**.
- Ultimately, we aim at separating investees' economic growth from their carbon growth.

OUR ACTIONS:

- We assess the portfolio's carbon emissions on a yearly basis to identify the main sources of reduction or offset.
- We try to implement specific actions to promote energy efficiency and renewable energy.

Managing waste and effluent issues

Environmental impact assessments conducted by external experts include specifications about waste and effluent management that are routinely added to ESG action plans. During the due diligence phase, we assess whether the prospective company generates dangerous waste that requires specific treatment.

FOCUS ON AGROSERV

The food processing activities which mainly concern particulate matter and odors contribute to air pollution. To address this issue, Agroserv has installed a particle collector on processing line 2 and recovery fabric socks on all other machines that generate particles.



05.

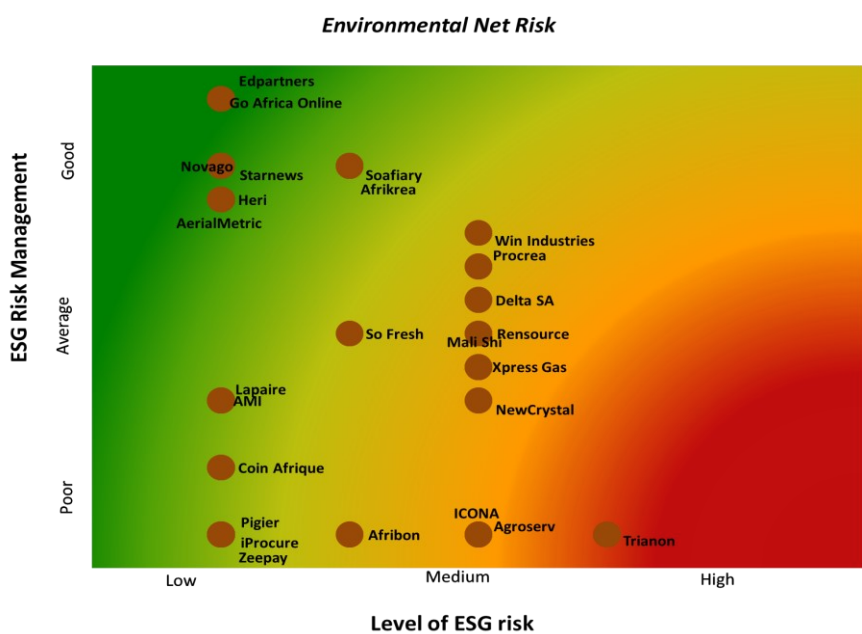
ESG Focus

ESG Portfolio Overview (1)

Focus on I&P's risk rating matrix

We conduct an **in-depth analysis of ESG-related matters** based on field visits to investee company head offices and branches and meetings with management and other stakeholders. Using this analysis, we rate potential ESG risks, as well as the quality of the partner company's ESG management system (based on a scoring system upgraded in 2017), and assess the **ESG net risk** that each of our investee companies bears.

Environmental risk assessment



62%

Of the portfolio companies are rated « Low risk » (C)

38%

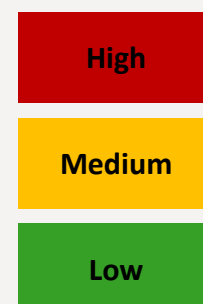
Of the portfolio companies are rated « Medium risk » (B)

To obtain the **residual risk**, we assess :

- The **ESG gross risk** (low, medium or high) relying on standard classification tables based on the CDC ESG toolkit. This inherent risk depends on the industry, the scale of operations and the country (for governance). The gross risk categorization indicates which investments require more thorough attention from an ESG perspective.
- The **quality of risk management** (poor, average, good) by the investee company, using a simple scoring system refined in 2017.

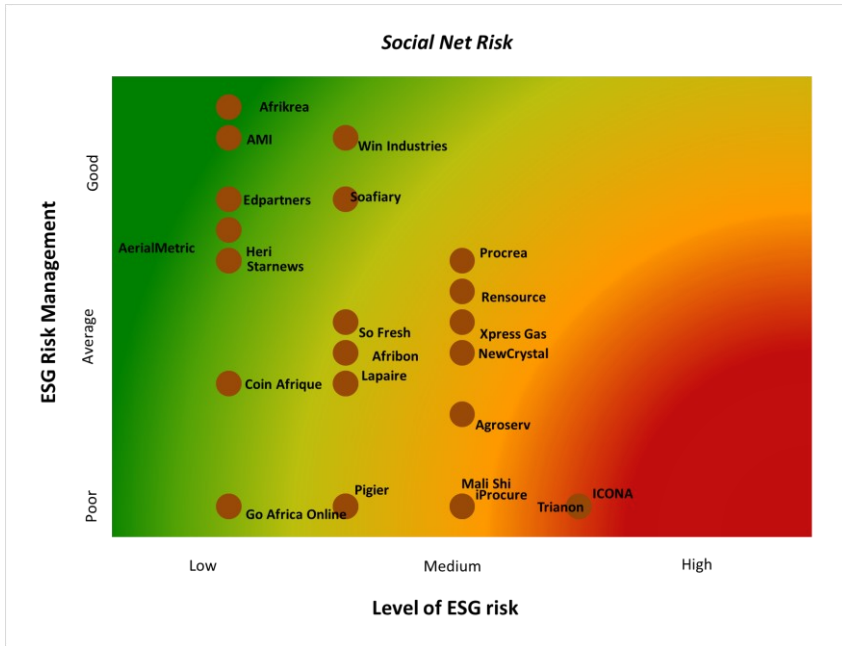
The Net Risk Matrix

$$\text{Gross risk} \times \text{Quality of risk management} = \text{Residual net risk}$$



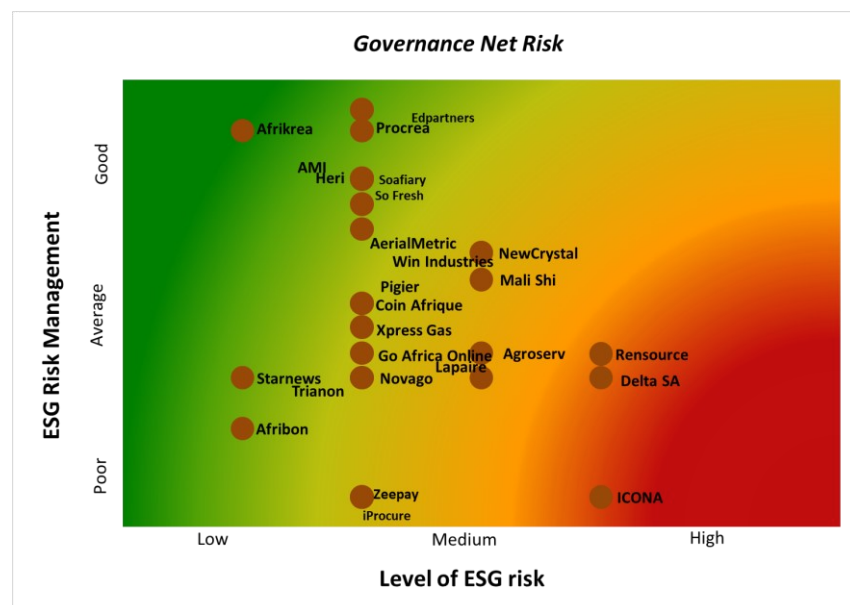
ESG Portfolio Overview (2)

Social risk assessment



- **Low to high social risk** for IPAE2's partner SMEs.
- **Implementation of ESG action plans to manage and mitigate the inherent risk** of ICONA and Trianon. *See the section focusing on each company.*
- IPAE2's investee companies offer **excellent opportunities** - in terms of job creation (Zeepay), training (AMI), access to quality education (Pigier), and access to healthcare services (Procréa).

Governance risk assessment



- Governance includes aspects of business integrity, as well as good corporate governance.
- The governance net risk is **high for three portfolio companies**. Specific action plans have been implemented.
- **Anti-Money Laundering (AML) and Know Your Customer (KYC) research** is systematically carried out before any of IPAE's investments to check for potential corruption/money laundering or integrity issues.



Portfolio carbon footprint (1)

IPAE2 has stepped up its efforts to **reduce carbon emissions**. Indeed, even if Africa today only contributes 3.8% of global greenhouse gas emissions (compared with 23% for China and 19% for the U.S.), the continent suffers significantly from their impact. Our objective is to decouple the evolution of carbon emissions from the evolution of companies' sales figures.

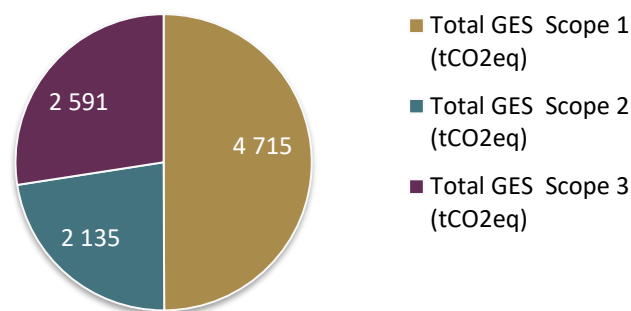
Our actions:

- Strengthening the measurement and monitoring of carbon emissions for each company ;
- Technical assistance (e.g. Novago) and capacity building for companies in data collection and emissions measurement;
- Encouraging the use of renewable energies.

2023 GHG emissions, by scope

TOTAL: 9,898 tCO²eq

A **carbon footprint** is measured in **tons of carbon dioxide equivalent (tCO²eq)**, which allows the different greenhouse gases (GHG) to be compared on a like-to-like basis relative to one unit of CO². We use the methodology proposed by ADEME.

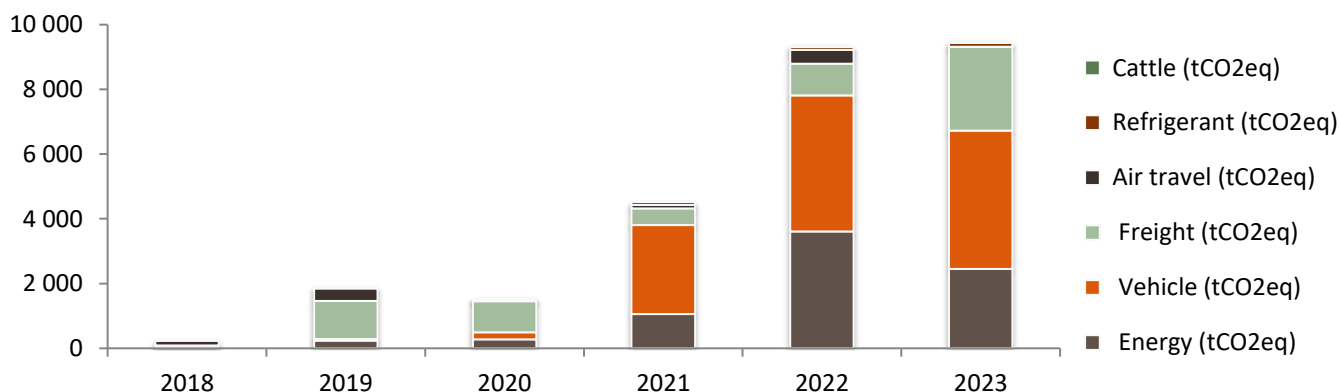


Scope 1: Emissions due to the company's direct business activities

Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam

Scope 3: Other indirect emissions (production of purchased materials and fuels, transport-related activities in vehicles not owned by the company, outsourced activities, etc.)

2023 GHG emissions by category

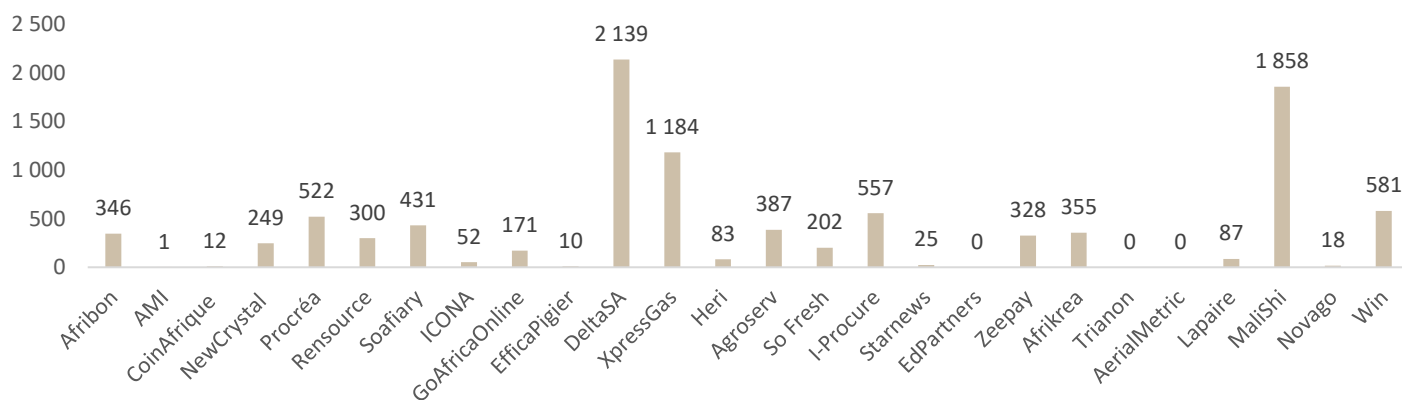




Portfolio carbon footprint (2)

Each year, we collect data on direct and indirect emissions. The biggest emitters are Delta SA (with 2,129 tCO₂eq emitted), an urban sanitation company, and Mali Shi (with 1,858 tCO₂eq), a company that processes shea kernels locally. It should be noted that Delta SA, whose emissions are mainly linked to the consumption of petrol by the trucks, contributes positively to the environment thanks to the treatment of sludge and wastewater. The sanitation activity has a significant positive environmental impact that is difficult to quantify and is not reflected in these data. In addition, Delta SA is involved in an initiative to recycle this waste into electricity and fertilizer for farmers.

2023 GHG emissions, by company (tCO₂)



LARGEST SOURCES OF EMISSIONS



28% from freight: A large majority from Mali Shi and Rensource.



26% from energy: A large majority coming from Win Industries and Agroserv.



45% from vehicles: A large majority coming from Delta SA and MaliShi whose activities rely on frequent truck movements to carry out sanitation work or make deliveries.

FOCUS ON MALI SHI

1,858tCO₂eq
emitted in 2023

12,024t
of shea kernels
collected from
women's
cooperatives,
merchants, and
traders

10,166tCO₂eq
estimated CO₂
absorbed by shea
kernel collected

Mali Shi is a Malian shea butter production company established in 2019. The company produces high-quality shea butter for the international market as a sustainable and ecological substitute for cocoa butter, while contributing to the country's economic and social development.

The Global Shea Alliance and the Food and Agriculture Organization of the United Nations have published a study highlighting the potential of shea to mitigate climate change in West Africa. The study reveals that each ton of shea produced has a negative carbon footprint of 1.04 tons of CO₂⁽¹⁾

(1) Bockel, L., Veyrier, M., Gopal, P., Adu, A. et Ouedraogo, A. 2020. Développement de la filière karité - Principal moteur pro-pauvre de fixation du carbone en Afrique de l'Ouest. Accra. FAO et Alliance Globale du Karité.



Quality Hygiene Security Environment (1)

Africa faces significant challenges in Quality, Health, Safety, and Environment (QHSE) management. Rapid industrialization and urbanization have increased environmental pollution, posing serious health risks. Inadequate infrastructure and regulatory frameworks hinder effective waste management and occupational safety. Additionally, many industries lack stringent quality control measures, leading to substandard products and services. Addressing these issues requires comprehensive policies, robust enforcement mechanisms, and greater investment in QHSE training and infrastructure to ensure sustainable development and safeguard public health and safety.

Source: "Challenges in QHSE Management in Africa," African Development Bank Group, 2023.

OUR RESPONSES

- Technical assistance for Hazard Analysis Critical Control Point (HACCP) certification
- Supporting companies in setting up quality management and QHSE systems
- Supporting and encouraging companies to systematically train their staff
- Encouraging waste treatment and recycling
- Encouraging rational consumption of resources (energy, water, etc.)

FOCUS ON NEW CRYSTAL

New Crystal is a leading private healthcare group in Ghana focused on the urban poor. A rigorous quality management system has been put in place, in compliance with SafeCare standards.

Update of the quality management systems manual to include occupational health & safety and environmental aspects and objectives

- **Installation of a waste treatment system**
- **Appointment of a QHSE manager to coordinate the day to day implementation of the QHSE management system**





Quality Hygiene Security Environment (2)

Implementing “green project”

Green projects are intentional activities undertaken by companies that have a positive impact on the environment or aim to mitigate the negative impacts of their activities.

The list of green projects is as follows:

- Renewable energy project
- Energy efficiency projects generating significant energy savings
- Forestry projects
- Biodiversity projects
- Sustainable agribusiness projects (e.g. sustainable fishing, sustainable farming)
- Nature conservation projects
- Provision of environmental services (e.g. environmental impact assessment)

46%

Of the companies
have implemented a
green project

Whenever environmental risks are identified, corrective action is taken, such as improving energy efficiency, waste treatment and recycling, or enhancing the sustainability of activities.

FOCUS DELTA SA



DELTA is a Senegalese sanitation and construction company that specializes in the maintenance of sewerage systems and the management of flood zones and storm drains.

An external due diligence by Ibis Consulting was carried out, followed by an ESAP to strengthen the company's QHSE approach. Among others, the following actions have been completed or are underway:

- Hazardous waste management: development of a waste management procedure accompanied by a vehicle management and maintenance procedure, implementation of an evaluation system for service providers responsible for hazardous waste disposal;
- Use of resources: development of a clear procedure for monitoring energy efficiency and energy consumption, including quantitative targets for consumption (water, electricity, fuel), etc.

FOCUS SOAFIARY



Soafiary is a company based in Antsirabe specializing in agri-business. Created in 2006, the company started its activities in the collection, processing and sale of dry grains (corn, rice) and legumes (beans, cape peas, lentils, soybeans,...) on the local market only before deploying its international activities.

Soafiary has put in place an environmental and social approach, including for instance an environmental and social impact assessment and HACCP certification. In addition, the company has also carried out a first wave of reforestation in 2023, with 250 fruit tree seedlings in the field for graft testing (citrus, apple, coffee, peach, apricot, persimmon...).



Employee well-being and training

Although job creation is at the heart of IPAE2's strategy, the private sector in Africa also demands quality jobs. Indeed, quality employment through intermediaries enables populations to cope with crises and shocks.

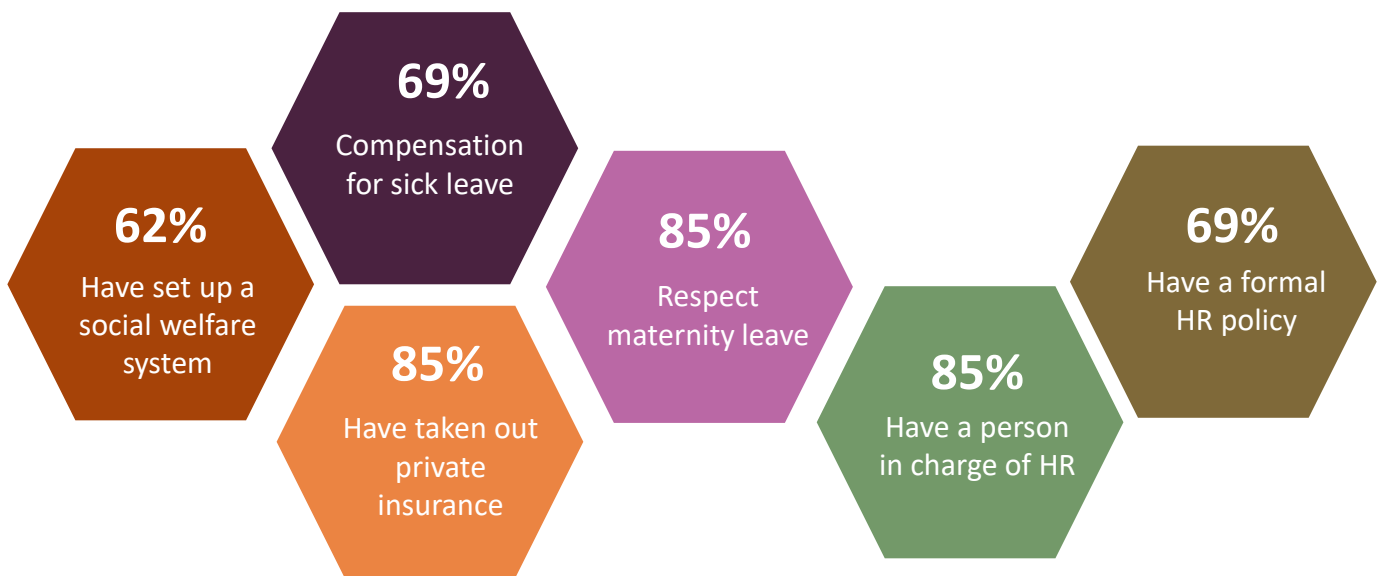
IPAE2 has rethought social protection in Africa by implementing the following measures:

- Setting up a social welfare scheme;
- Health insurance for all employees, especially private health insurance;
- Encouraging compensation for sick leave;
- Respect for maternity leave according to the law in force in the country, and compensation for maternity leave.



On the other hand, IPAE2 also promotes the implementation of a human resources system to guarantee the management and skills development of each company's employees.

- Setting up a human resources system in each company;
- Encouraging the setting up of a training and staff representation system.



<p>SDG 4.4 Promote lifelong learning opportunities IPAE current performance</p>	<p>69% of companies have a training policy in 2023</p>	<p>€ 219,318 training budget in 2023</p>	<p>1,234 employees trained in 2023</p>
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Health and safety at work

Over 1.1 million individuals worldwide are thought to pass away from work-related illnesses and injuries each year. The hazards that lead to illness are thought to be 10–20 times higher in developing nations than in wealthy nations (WHO, 2004). Indeed, the informal sector and non-decent employment have become mainstream in Africa. The private sector must therefore step up accident and incident prevention and control.

Among other things, the IPAE2 portfolio is exposed to a certain risk in terms of health and safety at work, and has set up a system for monitoring and reporting accidents, as well as for prevention in the event of increased risks.

35% Companies recorded at least one accident in 2023

65% Have set up a fire management system

38% Have an occupational health and safety policy

46% Have completed rescue training

Monitoring safety at work

- During the due diligence phase, impact assessments or technical audits are conducted for all projects involving significant risks.
- Any serious incident is directly reported to our investors. The company completes and submits an accident report (I&P Canvas) to IPAE2 which in turn transmits it to investors.

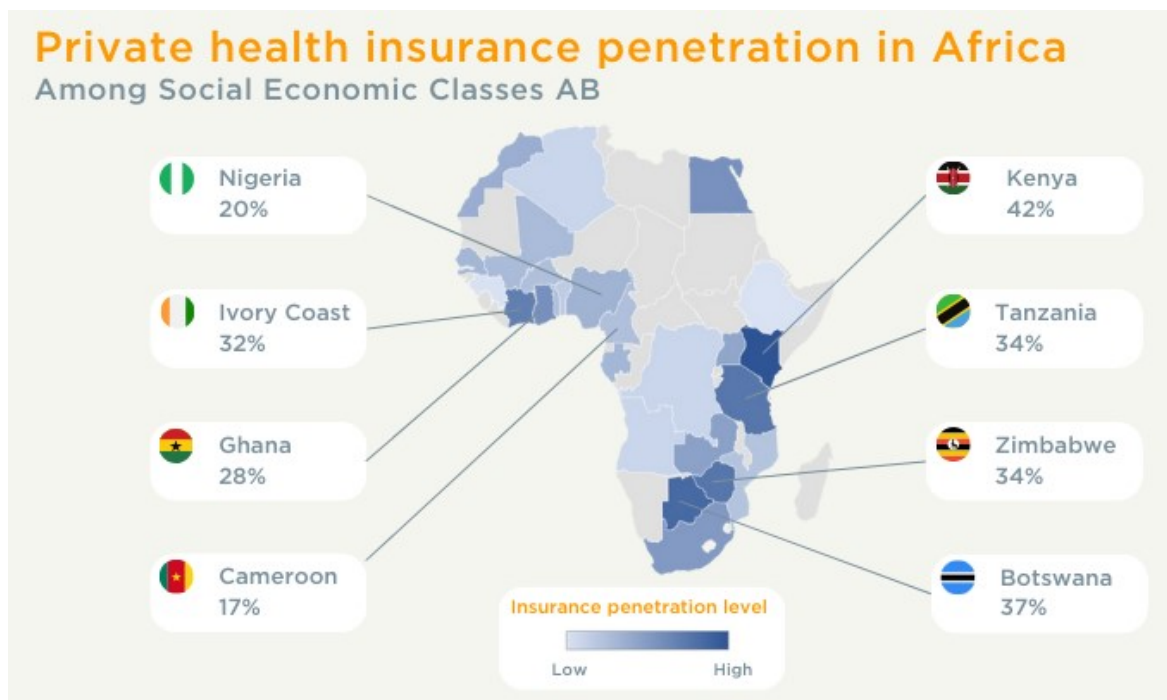


SDG 8.8
Promote safe and secure working environments



Health and safety at work

In Africa, access to healthcare remains a significant challenge. According to the World Health Organization (WHO), over **50%** of Africa's population lacks access to basic healthcare services. Healthcare infrastructure is often inadequate, especially in rural areas, and high medical costs limit access for the most vulnerable populations. Despite progress in recent years, universal health coverage remains a distant goal for many African countries.



Source: SagaCube, the consumption database in Africa

1,856

employees
are covered
by health
insurance

2,031 people
(employees and
family members)
are covered by
health insurance

Examples of actions undertaken at IPAE2

- Implementation of a portfolio-wide study **to identify best practices & lessons learned** (25 respondents among portfolio companies). This study was shared with the entrepreneurs and presented during the 2018 entrepreneurs' annual seminar.
- **ICONA** (Agribusiness company in Burkina Faso) : with the creation of the new legal company, all employees have been formalized, therefore, 14 employees now have access to public social protections.
- **HERi Madagascar** (Solar Home System distributor in Madagascar) : Freelance agents and entrepreneurs on charge of kiosks are now benefiting of an health insurance even if they are not direct employees of the company.

Fostering good governance

Implementation of a shared governance

Entrepreneur(s) usually hold a majority stake and remain in charge of day-to-day operations. They are provided with strategic guidance, as well as additional skills and networks in a context of difficult access to talent and financing. This also improves the credibility of the business vis-à-vis external partners.



One or two independent directors are included when appropriate and possible, to bring additional expertise with an independent view. In situations of conflict, they can play a useful mediatory role.

One or two IPAE members on the investment or strategic advisors' teams, as part of I&P's commitment to providing close support to the entrepreneurs. With respect to ESG, they ensure that extra-financial considerations are regularly raised and discussed.

Other minority shareholders might be represented in some cases.

73% of Boards include at least one independent director

3,5 board meetings held in 2023 on average in each partner company

31% of companies addressed ESG and Impact during board meetings

Upgrading of accounting and reporting practices

Our context: IPAE2 invests in fast growing companies, which have an urgent need to strengthen their internal capacities to achieve sustainable growth.

Our actions:

- **Audited accounts:** we require that annual accounts be audited by statutory auditors to ensure reliable accounting practices.
- **Training seminars:** in 2018 and 2019, entrepreneur training seminars focused on financial management and change management in SMEs.
- **Technical assistance:** customized assistance is provided to several partner companies.

Anti-bribery and anti-corruption policy

Good governance involves impeccable integrity at all levels of the company. I&P assists its portfolio companies to improve their KYC practices, to elaborate ethical codes and to fight against corruption.

Contributing to SME formalization

Main actions on ensuring full social and fiscal compliance

IPAE2's investment **requires investees' full compliance with labor laws and formalization of their employees.** Our partner companies therefore receive support on these matters when they need it.

63% of the African SMEs registered in WBES 2019 **compete against** the informal sector. They are much more exposed to risk than large African companies.

In August 2018, a study was conducted in Senegal and Madagascar on a group of IPDEV 2 and IPAE partner companies in order to capitalize on partner companies' experience **and better understand the issues at stake, with two areas of focus:**

- **Key barriers to formalization for companies**
- **Socio-economic impacts of a job contract for employees** (higher wages, better job security, access to bank accounts and access to social benefits, such as a pension plans, health insurance)



Impact evaluation of formal employment in Senegal



Impact evaluation of formal employment in Madagascar

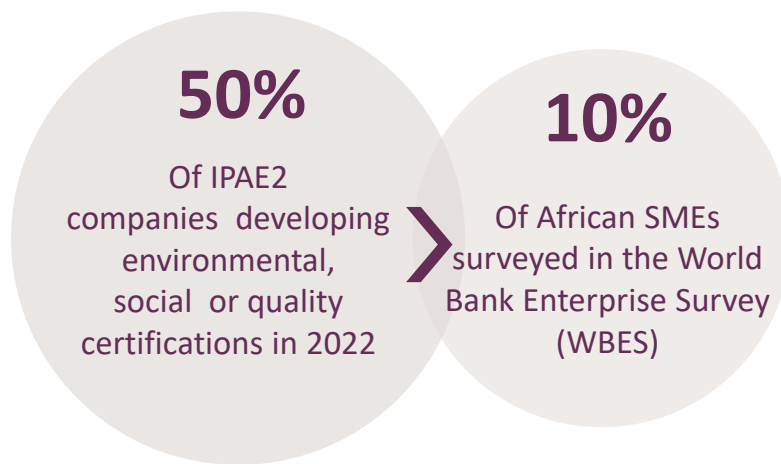
€5,332,400+
paid in taxes to the local authorities in 2023

In IPAE's countries of intervention, the **low level of mobilization of fiscal resources** is a key barrier to developing the most needed public services (infrastructure, water, education...). Tax revenues represent less than 16.5% of GDP in Africa in 2022. Most companies remain informal to avoid paying taxes and salary charges. In West Africa, **informal employment accounts for 92.4% of total employment** in all sectors (ILO, 2018).

Promoting traceability and best E&S standards/practices

Access to new certifications, skills and technologies

On average, SMEs in IPAE 2's portfolio have a larger share of certification than African SMEs surveyed in the World Bank Enterprise Survey (WBES).



Certified companies

- ✓ **DELTA SA, AMI, I-PROCURE, EDPARTNERS, AGROSERV and SO FRESH:** These companies are certified ISO 9001:2015 for their quality management system
- ✓ **AerialMetric:** as a company operating aircraft and drones for the delivery of medical goods, it's striving to offer a manufacturing process and services meeting international quality standards, the company is in process for a ISO 9001-compliant Quality Management System (QMS).
- ✓ **PROCREA:** This clinic dedicated to women and children's health and specialized in fertility treatments has been certified ISO 9001, and has the GIERAF quality label
- ✓ **RENSOURCE:** This distributed energy services provider to SME clusters, residential and commercial users in Nigeria is planning to obtain the ISO 45001 - Occupational Health and Safety certification.
- ✓ **NCHS and XpressGas:** EPA Permit certifies that the business operates in a responsible manner
- ✓ **SOAFIARY** This company specialized in dry grains trading is preparing to obtain HACCP certification
- ✓ **AFRIBON:** Afribon was certified to ISO 22000 on food safety in Uganda and Kenya

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