CDC
Investment works

Supporting the potential of people

CDC Group plc Annual Review 2016

Mission

CDC's mission is to support the building of businesses throughout Africa and South Asia, to create jobs and make a lasting difference to people's lives in some of the world's poorest places.

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People make the difference

We put people and relationships first, because we know that ultimately it is people who will grow a business, create jobs and have a positive impact on the other people living in their community. So we look to:

1. **Work with talented teams:** we want to support the most talented people with the right values, whether that's a company's management team or Board members, or investment fund managers.
2. **Ensure workers can achieve their potential:** we work with businesses to improve job quality and working conditions for the people who work there.
3. **Have a positive impact on communities:** the businesses we invest in can also provide wider benefits to people outside the business, for example as a result of climate-friendly initiatives or greater access to goods, services or infrastructure.

See pages 16-27

How our model works

CDC is the UK's development finance institution (DFI), wholly owned by the UK Government. We have a dual objective: to support growth and jobs that lift people out of poverty, and to make a financial return, which we reinvest into more businesses. In this way, we use our capital over and over again to help create the jobs and economic stability that will enable countries to leave poverty behind.

Supporting businesses in Africa and South Asia to create jobs

No country has escaped poverty without a thriving private sector playing a full role in developing a strong economy.

The need for jobs in Africa and South Asia is vast. More than three-quarters of working-age people in Africa and South Asia do not have a job in the formal sector.

To get people into work, countries need a mixed-economy with businesses of all sizes – but many of these businesses still struggle to find the investment they need to grow and create jobs. Private sector investors are often put off by higher levels of risk, or they may be reluctant to stick with a business through turbulent times.

That's why DFIs like CDC are needed.

Read more on our website
cdcgroup.com

Where we focus

We invest in Africa and South Asia because over 80 per cent of the world's poorest people live in these regions. We focus on investing in countries where the private sector is weak, jobs are scarce and the investment climate is difficult, but particularly in sectors where growth leads to jobs. These sectors are financial institutions, infrastructure, health, manufacturing, food and agriculture, construction and education.

What we put in

We provide the long-term investment that many businesses in developing countries need. We're able to stand firm with businesses through hard times, because we know success in these environments can be challenging and take time.

We provide capital in many ways (equity, debt, structured instruments, guarantees and trade finance) to meet our investees' needs. We invest both directly, where our team makes the investment decision and looks after the portfolio, and indirectly, where investment selection and management is made by a carefully selected third party, normally an investment fund manager.

And we know it takes more than money to grow a great business. So we also invest our time and expertise, and share our experience and networks to help businesses grow.

For example, we help them build their teams and often their boards, and we provide practical, hands-on support to help businesses achieve good environmental, social and business integrity standards.

« Having a job means I have been able to sustain my life and send my children to school. They feel great to have a family member contributing to the power generation sector – my son is still young, but he told me one day he wants to become an engineer. »

Danford Mpalanzi, Songas, Tanzania

What we achieve

We invest for both development impact and financial return, to encourage the growth of the private sector in Africa and South Asia.

74 countries

We now invest in 74 countries.

1,245 businesses

Our investment supports 1,245 businesses – including 653 in Africa and 342 in South Asia.

44,000 direct jobs

In 2016, these businesses created 44,000 new direct jobs in Africa and South Asia.

1.29m direct and indirect jobs

We estimate that in addition to creating 44,000 direct jobs, these businesses helped create 1.24m indirect jobs – 1.29m jobs in total.

£1.2bn

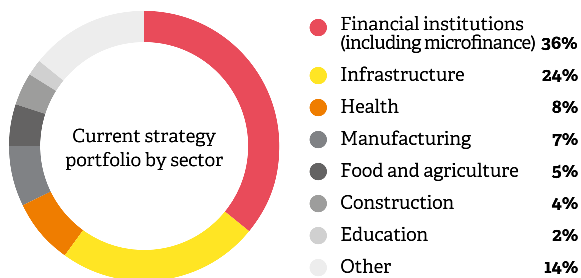
We made almost £1.2 billion of new commitments in 2016.

£4.8bn

Our assets have grown to £4.8 billion.

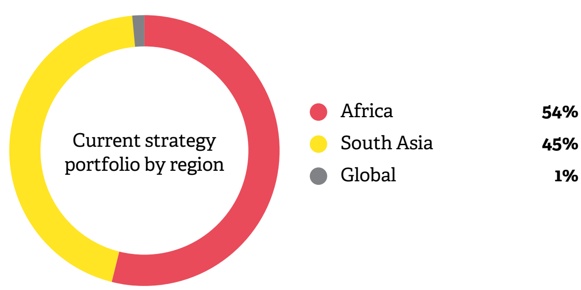
2.3% annual return

In 2016, we made a US dollar annual return on our net assets of 2.3 per cent (15.5 per cent in sterling).



Current strategy portfolio percentage split by sector

Our seven priority sectors make up the majority of our portfolio. However, we continue to invest outside these sectors, largely in the most challenging regions, as new investment supporting any sector helps to create jobs and livelihoods for people.



Current strategy portfolio percentage split by region

Since 2012, we have made new commitments to invest in only Africa and South Asia. Remaining investments in the rest of the world pre-date our current strategy and we expect them to be a negligible proportion of our total portfolio by 2019.

The global segment represents a single investment, made in a company in India. That company has subsequently merged with similar companies from other countries, some of which fall outside of Africa and South Asia, thereby changing the classification to global.

The year at a glance

A selection of achievements and updates from CDC and our portfolio businesses.

February

+ We make our largest direct debt investment to date in the Sirajganj power project in Bangladesh, to provide cost effective and reliable energy to the country.

June

+ We launch a study to better understand the link between job quality and business performance at Ananta Apparels, a textile manufacturer in Bangladesh.
+ We agree a new partnership with the Aga Khan Foundation for Economic Development and its industrial and infrastructure development arm, Industrial Promotion Services, to boost electricity generation in East and West Africa.

April

+ We make two investments to support economic development in Kenya – in ARM Cement, to boost the local supply of cement and promote infrastructure development, and in I&M, a bank which lends to small and medium-sized enterprises (SMEs).
+ Habib Bank in Pakistan launches Nisa, a banking platform exclusively for women.

October

- The Africa List – our programme to establish a network of the next generation of CEOs on the continent – launches in Ethiopia.
- We make our first direct equity investment in Zambia since the early 2000s, investing in Zambeef, a food processing business.

July

- We publish guidance on managing issues of land rights in agribusiness, in partnership with German DFI, DEG. It provides practical advice to investors and businesses.
- A programme to train carpenters at Garden City, a mixed-use urban development in Nairobi, Kenya, sees its first students graduate.

November

- The Overseas Development Institute and the Center for Strategic and International Studies publish a report on the increasingly important role of DFIs in the global development agenda.
- A study, commissioned by CDC, is published on the link between power sector investments and job creation in Uganda.
- Legislation to enable the Government to increase investment in CDC is debated in the UK Parliament for the first time.

September

- We extend our partnership with Standard Chartered Bank to set up a new facility with the bank supporting more businesses in Sierra Leone.
- Advans, a microfinance company, reaches 7,000 cocoa farmers in Côte d'Ivoire with a programme designed to give them better access to financial services.

December

- Amandi Energy begins construction of a 200 megawatt (MW) power project in Ghana.

*Visit **cdcgroup.com** to read more*

Putting people at the centre of development

Graham Wrigley, CDC's Chairman, and Chief Executive Diana Noble look back over 2016, and share their highlights from the year.

A message from Graham Wrigley, Chairman

This year marked the end of a strategy period that started in 2012. We're proud of what we've achieved: we've delivered on the plan set out in 2012, and we're focused on a mission to create jobs and make a lasting difference to people living in the world's poorest places.

As we turned our thoughts to the next five years, we wanted to challenge ourselves to think about what more we could achieve, especially in the context of the UN Global Goals. The Goals are clear that economic development plays a core role in helping people escape poverty, and our new strategic framework sets out our thinking on this agenda.

CDC is a self-sustaining institution, but back in 2012, we knew that if our new strategy was successful and there was demand for our long-term capital, there would need to be a thoughtful and steady build-up of both our organisation and balance sheet. In 2015, the Department for International Development (DFID) invested new money in CDC for the first time in 20 years, and in 2016, the Government introduced enabling legislation to increase the financial limit on the amount it could invest in CDC. The CDC Act received Royal Assent in February 2017, although before any new investment is provided, DFID and the CDC Board must agree a robust business case. We appreciate the interest and support of all stakeholders in the debate that started in 2016 and which will continue in the years ahead. I also want to thank DFID for its continued partnership.

During 2016, we also started the task of finding a new CEO, after Diana Noble announced her intention to step down. I would like to thank Diana for the outstanding leadership she showed as she focused CDC on job creation in Africa and South Asia. I'm delighted, also, to extend a warm welcome to our new CEO, Nick O'Donohoe, who joins us from the Bill and Melinda Gates Foundation, to lead CDC through our next ambitious phase.

Finally, I'd like to thank CDC's Board and the entire CDC team for continuing to rise to the challenge of investing to transform lives.

An interview with CDC's Chief Executive and Chairman

If you could pick one main highlight from 2016, what would it be?

DN: I'm going to cheat and not pick out one individual highlight. For me, the year was about the amount of things we got done and the productivity of the team. We made almost 40 investments in 2016, we held over 160 investment committee meetings, and we had over 20 portfolio management meetings. This is all alongside developing new strategies – we updated our Code of Responsible Investing, we published a Sustainability Review – the list goes on. It was an immense year.

GW: The purpose of what everybody at CDC does is to have an impact. I was in Freetown this year meeting the President of Sierra Leone, and I felt incredibly proud when he said thank you to CDC and Standard Chartered for creating a loan facility for local businesses during the Ebola crisis. That was a genuine thank you for the work that had been done, supported by the UK taxpayer, which was complementary to other UKAid and the role of civil society during the crisis.

Why are people so important to the work CDC does?

DN: So many people talk about what development finance institutions do through the lens of capital, and of course that's important. But it is nothing without the people who invest it and turn it into productive activity on the ground. There are the people here at CDC and there are the jobs created by the work we do. But in between us and the jobs there are our partners, and these are inspiring, incredible people – like Emmanuel de Merode, who has a vision for economic development in Virunga in East Congo, or Dr Devi Shetty, who is building an incredibly high-quality, yet low-cost, hospital chain across India in a lot of the poorest places. Without these people, we wouldn't be able to have the impact we do.

The Global Goals came into force at the beginning of 2016. Have they changed the way development finance institutions work?

GW: They highlight the need for DFIs. To achieve the Goals by 2030, there's an estimated $2.5 trillion annual investment gap and that's only going to be met if the private sector is engaged. That's one of the key roles of DFIs: to help encourage private capital where it doesn't usually go. Specifically, Goal 8 is about providing decent jobs and economic growth and that's a core focus for CDC. But it's not just about economic growth and jobs, it's about sustainable energy, provision of services like healthcare – all these things are objectives of DFIs. Not doing it alone, but working in cooperation with other actors in the development world.

In 2016, legislation was introduced to increase the limit on the amount the Government can invest in CDC. What difference can this make to the businesses you support?

DN: Quite simply it allows us to do more – and more needs to be done. The Global Goals highlighted that the private sector needs to step up. The private sector in the countries we invest in is incredibly weak. They need more businesses that are sustainable for the long term, they need to create more jobs and that's where CDC comes in.

GW: It should be said that this is enabling legislation. There will be a business case before any additional capital is given. But it shows there's an increasing recognition that development finance and the aid budget can play complementary roles in achieving the Global Goals.

Diana, in 2016, you announced you'll be stepping down as CDC's Chief Executive. How has the organisation changed since you arrived?

DN: It is very different. The words I would choose to describe that difference are 'energy' and 'positivity'. The way that the team address the challenges we have is great. We're also much more entrepreneurial these days, there's an opportunity for every person to come up with ideas for how we address this challenge or that challenge, and we embrace them. And we're much more collaborative as a team.

GW: Diana, with the Board and DFID, created a radical new strategy, which has focused capital on the hardest countries and on sectors that create jobs. Having done that, she had to create a team to execute it, so we've gone from 50 people to 240 people today. She has led the team from the front. If you look at what we've done over the last five years, above all we have had an impact, which you can see in this Annual Review.

*Visit **cdcgroup.com** to watch the full length interview*

Graham Wrigley
Chairman

Diana Noble
Chief Executive

Helping achieve the UN Global Goals

This year has seen us consider how we can contribute to the new agenda for sustainable development.

The context

During 2015, the international community adopted a new agenda for sustainable development with the agreement of the UN Global Goals for Sustainable Development, the Addis Ababa Action Agenda and the Paris climate agreement. Recognising the tremendous progress over the past decades, the new agenda sets out the remaining challenges and positions the private sector, growth and investment at the heart of the solution.

In response, throughout 2016 we have considered how we can contribute to this new agenda. Initially, we approached this with partner DFIs, which resulted in two major new reports. The first, published by the Association of European Development Finance Institutions (EDFI), examines how DFIs already contribute to the new sustainable development agenda. The second is an independent piece of research commissioned from two leading think tanks in the US and UK. Together with other global DFIs, we asked them to examine how our unique role might change within the overall aid architecture as the world starts to implement the new Global Goals.

These reports helped to shape how we think about the new sustainable development agenda within our five-year strategic framework 2017-2021, which we developed during 2016.

+ ***Investing to Create Jobs, Boost Growth and Fight Poverty (EDFI, 2016)***
  cdcgroup.com/Global/EDFI-Flagship-Report-2016.pdf
+ ***Development Finance Institutions Come of Age: Policy Engagement, Impact and New Directions (CSIS / ODI, October 2016)***
  csis.org/analysis/development-finance-institutions-come-age

Investment works

Our wider impact

Payment of taxes. *The mobilisation and effective use of domestic resources are central to the Global Goals. When our investee companies grow their profits, this increases the taxes paid to national exchequers, which enables the provision of essential infrastructure and public services.*

Mobilising private investment. *There needs to be a huge increase in funding if the Global Goals are to be met by 2030. We want our investments to mobilise a much larger pool of private investors.*

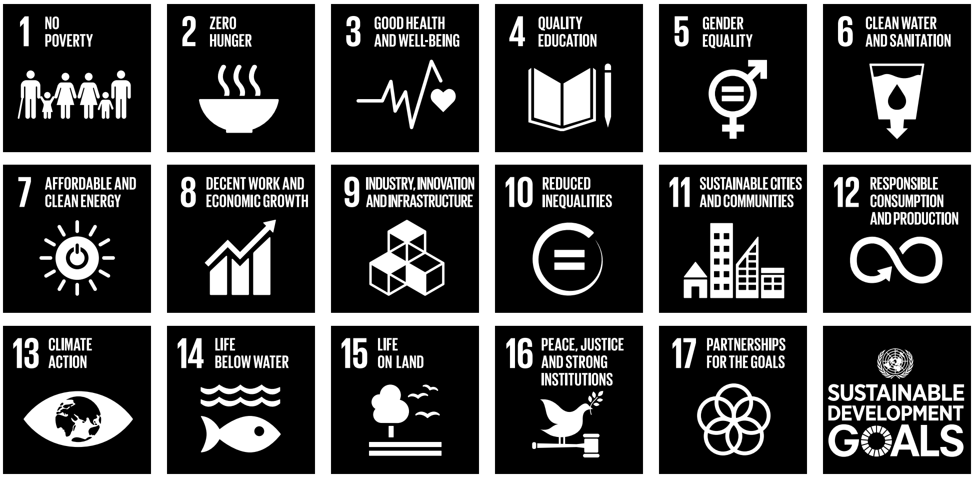
Sector impact. *Our investments generate a broader range of impact in support of the Global Goals, beyond creating jobs. For example, infrastructure investments generate and deliver more reliable power to households, schools, clinics, governments and businesses.*

Women's economic empowerment. *Empowerment through labour participation is fundamental to achieving gender equality and improves economic growth, children's health and education, and business performance – but there is currently huge untapped potential.*

Climate change. *The private sector has a central role in mitigating and adapting to the impacts of climate change. We assess climate change risks and opportunities in potential investments, and develop measures, for example, to reduce energy and water consumption.*

Job quality. *We know that to improve people's lives, providing access to not just a job, but a good quality job, is vital. Through our investment, support and expertise, we can help businesses make improvements, for example, by educating their workforce on health and safety.*

Skills and leadership. *Africa's next generation of local business leaders is emerging, but will need support to develop the skills essential for building the businesses that will be the next success stories on the continent. That's why we set up The Africa List, a community of the next generation of CEOs.*



The UN's Global Goals for sustainable development.

« Development finance and the aid budget can play complementary roles in achieving the Global Goals. »

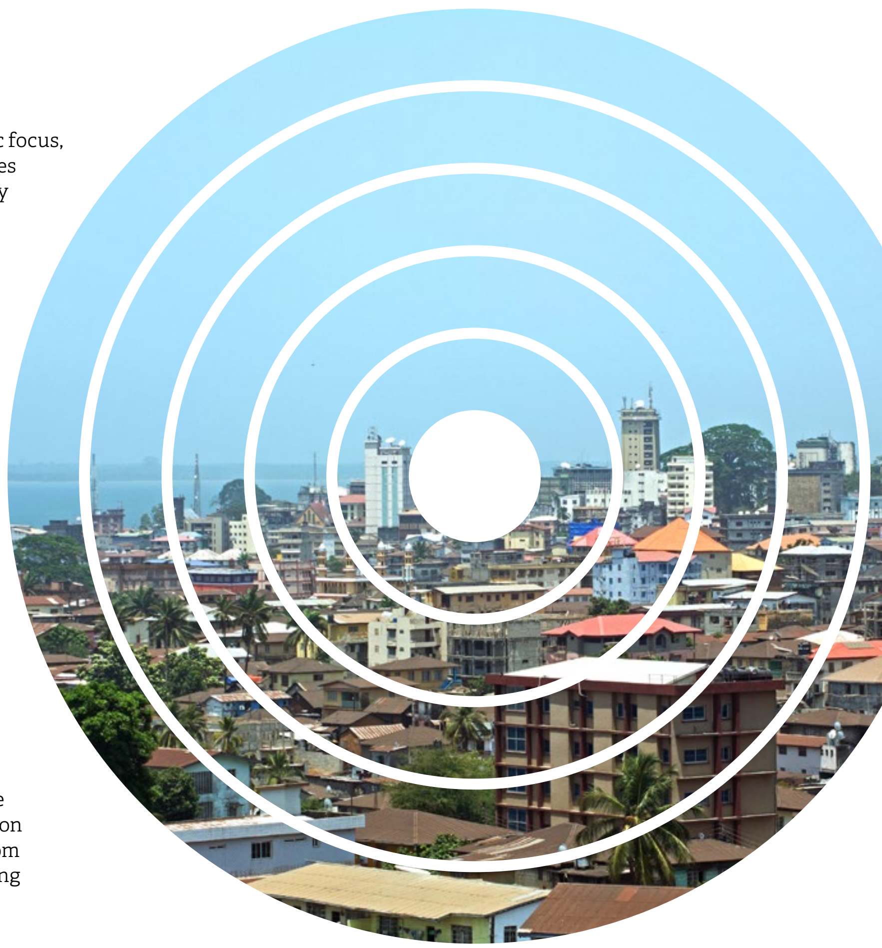
Graham Wrigley, Chairman

How we contribute

Job creation remains our primary strategic focus, as it is the main route out of poverty. It gives people the income, opportunity and dignity to live better lives. In the poorest regions of the world, gaining or keeping a job can transform an individual's – and their family's – prospects and choices.

We will contribute to the achievement of many of the Global Goals, leading to the elimination of poverty (Goal 1). However, our strategic focus on jobs prioritises Global Goal 8 on decent work and economic growth. Our broader impact includes helping remove market constraints in energy and infrastructure (Goals 7 and 9) and improving access to essential goods and services, such as health and education (Goals 3 and 4), both directly and through tax contributions.

We are also committed to supporting women's economic empowerment (Goal 5) and combatting climate change (Goal 13). Finally, as the Addis Ababa Action Agenda emphasises, much more investment will be needed to meet the Goals, so we will focus on mobilising additional sources of capital from partners to help increase the overall funding available (Goal 17).



Development impact: supporting job creation in challenging places

We support the building of businesses to create jobs, because having a job is one of the most important routes out of poverty.

Financial return: growing successful businesses

We invest in businesses to support their growth and help them succeed for the long term, so they can continue to create jobs and pay taxes well beyond our involvement. It also means we can recycle the financial return we make into new investments.

Supporting job creation in challenging places

We support the building of businesses to create jobs, because having a job is one of the most important routes out of poverty.

Understanding our impact in 2016
This year, our portfolio in Africa and South Asia created 44,000 new direct jobs.

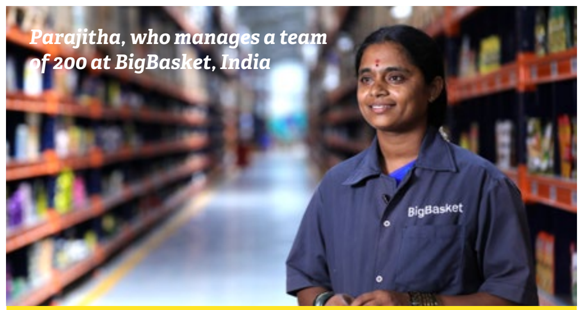
Added to this, we know that the companies in our portfolio had a much wider impact by creating what are known as 'indirect' jobs – because a growing business also creates jobs in supply chains, through workers spending their wages locally, and some businesses provide better access to infrastructure and finance. Each year we collect data from a wide sample of portfolio companies and combine this with other external data to measure the number of indirect jobs.

In 2016, these indirect jobs included 10,000 small-farm suppliers at Zambeef, a food processing business in Zambia; 30,000 sales agents at Jumia, an African e-commerce firm; and 20,000 small business borrowers at RBL, an Indian bank.

With the addition of estimated new indirect jobs, these businesses created a total of 1.29 million new direct and indirect jobs. What does this mean and how does this job creation compare with what's happening in our markets?

- In Africa, our investee businesses created 12,000 new direct jobs, up 4.9 per cent on 2015. In South Asia, businesses created 32,000 new direct jobs, up 8.9 per cent on 2015. This job growth is in line with or higher than growth rates for formal sector jobs, which McKinsey calls 'gainful employment', in both regions.
- Women's share of direct jobs in 2016 was 30 per cent, slightly down on last year. One reason for this, noted by the International Labour Organisation, is the declining labour force participation of women in India, which is reflected by lower-than-average women's participation in the financial services sector in India.
- Jobs from workers spending their wages locally increased by 58,000. This is partly due to direct workers' wages increasing by $344 million, up 6 per cent on 2015.

→ *For more information about how we measure job creation, visit **cdcgroup.com/Measuring-Performance***



Parajitha, who manages a team of 200 at BigBasket, India

BigBasket, India

Boosting employment

BigBasket is India's largest online supermarket, which in 2016 hired 5,700 workers, more than any other company in our portfolio. Half of these were recent entrants to the job market. Staff retention is vital to BigBasket. Parajitha, pictured, is one of the more experienced employees, and has progressed from warehouse cleaning to managing a team of 200 pickers.

Organic fruit and vegetables is one of BigBasket's fastest growing product lines, sourced directly from 350 farmers who have seen their incomes increase by around 10 per cent compared with selling at local markets. The farmers no longer have to pay commission fees at market, and save on transportation costs.

Direct and indirect jobs created by our portfolio

1.29m

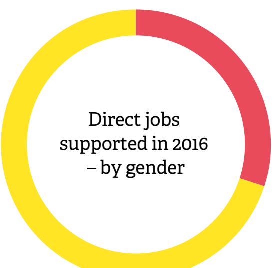
Direct jobs created by our portfolio

44,000

Understanding the jobs in our portfolio

We regularly commission independent evaluations to understand important themes in our work and guide our future investment strategies. In 2016, we have been looking at themes such as:

- **The link between power and jobs in Uganda.** We published an independent evaluation to help us understand how power sector investments create jobs and the scale of this job creation. It found that the large increase in Uganda's power provision between 2011 and 2014 contributed to a fifth of the country's total increase in gross domestic product (GDP) over that period. It also led to the creation of an estimated 201,500 new jobs, nearly half of which were for women, and nearly 90 per cent for unskilled workers.
- **The link between job quality and business performance.** We are working with a textile manufacturer (and investee company) in Bangladesh to understand the link between employee motivation, employee retention and productivity.
- **The link between access to finance and business growth.** We have partnered with the International Finance Corporation (IFC) and one of our portfolio financial institutions in India, to understand whether providing loans to micro, small and medium-sized enterprises has enabled them to grow.



Stellah Obongo, Branch Manager, Whitedent, Tanzania

Chemi Cotex, Tanzania

Women's economic empowerment

Chemi Cotex, a Tanzanian company we invest in that manufactures Whitedent, the country's leading brand of toothpaste, is one example of a business supporting women. The business values a balanced workforce and half its employees are women. All the women who head the company's sales branches joined in more junior roles, and were able to develop their skills within the business.

Stellah Obongo, pictured, developed her career with Whitedent. She began working for the company as a merchandising assistant 13 years ago and is now a branch manager. Stellah has been able to juggle the demands of a career with being a single mother, and the security of having a job means she has been able to pay her son's school fees.

*Visit **cdcgroup.com/Women-at-Work** to see the full story*

Growing successful businesses

We invest in businesses to support their growth and help them succeed for the long term, so they can continue to create jobs and pay taxes well beyond our involvement.

Financial return
Making a financial return means we can recycle the money into new investments, to create even more impact, especially jobs. In 2016, we increased our total assets to £4.8 billion (from £2 billion in 2006), and our total return after tax was £604.1 million.

For full clarity, we are publishing annual and average returns on net assets in both sterling and US dollars in this year's Annual Review. This is because the reduction in the sterling to US dollar exchange rate during 2016 has meant our sterling returns result has benefitted significantly from currency translation gains, as most of our portfolio is denominated in US dollars.

The economic environment in the countries we invest in is more challenging than it has been in some years. These markets are likely to continue to face considerable economic headwinds over the next five years, such as falling commodity prices, low levels of foreign investment, increasing debt and political risk. Within this already challenging environment, our focus as a DFI on less-developed or fragile markets and on sectors most important for economic growth means we typically take more risks. This approach means we usually have lower financial returns and experience more failures than commercial investors, and therefore have a riskier portfolio, with greater financial volatility.

Total net assets
£4.8bn

Total return after tax
£604.1m

Export Trading Group, pan-Africa

Achieving strong financial returns alongside development impact

Export Trading Group (ETG) is one of the leading traders of agricultural commodities in sub-Saharan Africa. The company buys from smallholder farmers in remote regions, and supports them through the sale of fertilisers and farming equipment, training, and transportation and warehousing of commodities. Since CDC's investment, ETG has built additional warehouses and food processing plants. This has reduced crop wastage and provided farmers with a bigger market for their produce.

We invested $32.5 million in 2012. When we first invested in the business, its turnover was $884 million. When we exited in 2016, it had increased to $2.8 billion as a result of higher food processing revenue. Our financial return will be used for new investments in other business.

From a development perspective, the progress at ETG has been impressive. There were 3,000 full-time direct jobs when we invested and during the time of our investment, 2,000 new direct jobs were created. ETG also employs people on short-term contracts to cover seasonal warehousing peaks, and as it has expanded, the company has had an impact on many more smallholder farmers.

Mobilising private investment

When we make successful investments in a business, sector or region previously viewed as unsuitable by private investors, it can help demonstrate that it is possible to invest responsibly and successfully in difficult environments, and attract commercial capital to these countries and sectors. We work to encourage additional investment either alongside our investment, or many years later, when investors see progress or positive returns. In 2016, we committed $357 million to fund managers, and this helped encourage a further $316 million of private sector investment. In addition, our commitments to funds in previous years mobilised a further $227 million of private sector investment in 2016.

Payment of taxes

When our investee companies grow their profits, this increases the taxes paid to national exchequers, which enables governments to provide essential infrastructure and public services. We require our investee companies to pay taxes in the countries where they operate, and in 2016 they paid $4.1 billion in local taxes.

➔ *To find out more about our financial performance, see our 2016 Annual Accounts at:* ***cdcgroup.com/Published-Information***

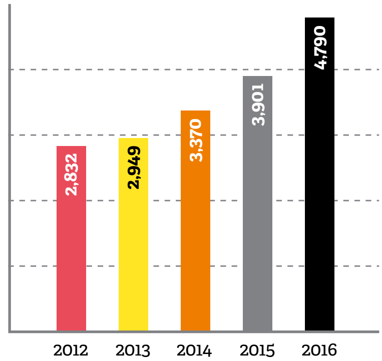
Annual return on net assets

2.3% ($)
15.5% (£)

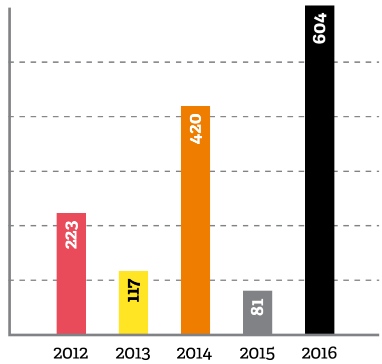
Average annual return on net assets over the last five years (2012-16)

7% ($)
12.9% (£)

Total net assets (£m)



Total return after tax (£m)



Working with talented teams

Pritisha Uttamchandani from our Development Impact team meets workers at BigBasket, one of our investee companies in India.

« We want to build strong, long-term relationships with teams with a clear vision. Ascent Capital is one example of this – they're backing young businesses with the capacity to grow. »

Chirantan Patnaik, Investment Executive, CDC

Chirantan Patnaik from our Intermediated Equity team meets Maiyas Beverages and Foods in Bangalore, India. We have invested in the company through Indian investment fund, Ascent Capital.

Murray Grant
Managing Director, Intermediated Equity, CDC

When I started working with businesses many years ago, I was told that a good management team was key to the success of any business.

Nothing has changed. The job of identifying and working with the right teams remains central to everyone at CDC. Leadership and entrepreneurial skills are critical, but without a talented team with a clear vision, you rarely see success at scale.

We spend a lot of time at CDC helping teams recognise their strengths and weaknesses, and learn how to build new skills. This ranges from boards and governance down to the practical skills these businesses need to attract capital and grow. The approach applies to the teams at the businesses we invest in directly as well as our fund managers.

Investment works, but it only does so with the right people and teams.

The first step in achieving impact on the ground is finding the right partner to work with. It takes time to build strong relationships. *Over the past year, we've built a relationship with Ezdehar Management, an Egyptian first-time investment fund manager, to support their efforts to start a new fund in the country. We speak to Yasmina Mekouar at CDC and Emad Barsoum at Ezdehar Management to find out more.*

Yasmina Mekouar, Investment Executive, CDC

Why did CDC consider this potential investment opportunity?
As a result of the Arab Spring, economic uncertainty in Egypt meant that commercial investors really stepped back. Although some have returned, levels of investment are not the same as before, so there is definitely a real need for our capital to support the growth of businesses in the country.

Ezdehar Management approached us directly, and the team's potential and the need for capital in Egypt meant we thought they were worth a serious look.

Did it take a long time to make the decision to invest?
It took some time and we had quite a bit of homework to do because Egypt is largely a new market for us. We had to do our research, so our team could be comfortable that going into this market was the right thing to do.

As a first-time fund, how did CDC assess Ezdehar and gain confidence that our values are aligned?
We spent a lot of time with the team at Ezdehar, both individually and as a group. And it was reassuring that all adhered to the same vision. We also did a lot of referencing, for example with their past employees and other projects they were involved in. When we were getting the same messages about them from lots of people, we knew that they were credible and serious.

Our relationship became stronger, in fact, when we gave the team constructive feedback about their proposal. We ended up having to give them some tough messages, which made them understand that we had their best interests at heart. That helped us to establish trust with each other.

What made the Ezdehar team a good fit for CDC?
The team are Egyptian and are all very keen to contribute to private sector development in their country. We knew that our values and our mandate as a DFI were aligned with theirs because they have specifically targeted SMEs. Although it's much harder to support this size of business to grow, that's where they believe they will have most impact and create the most jobs.

How have you supported the Ezdehar team and how will you support them in future?
This is their first fund, so our investment helped to give their proposal added credibility. We've also put them in touch with other funds they are considering making co-investments with.

We will continue to work closely with the team, so they can make the right investments at the right times and are able to raise further funds in the future.

➔ *Further information on our investment in Ezdehar Management's Egypt Mid-Cap Fund can be found on page 33.*

« We spent a lot of time with the team at Ezdehar, both individually and as a group, and all adhered to the same vision. »

Yasmina Mekouar, Investment Executive, CDC

Emad Barsoum,
Founder and Managing Partner,
Ezdehar Management

Why did you set up the fund?
When we started this fund a few years ago, Egypt was in the news for many of the wrong reasons – major political disturbances and a tough financial situation. There was demand for investments into companies but, at the same time, there was not enough funding available in the country. So there was a good opportunity to come in and establish a fund.

And why did you see a role for investment from DFIs like CDC?
An institution like CDC is one of the first to come in to a country like Egypt and invest. DFIs like CDC are very important at that stage – when private investors have less knowledge and are more risk averse, they feel more confident seeing that CDC and other DFIs are interested.

The impact of CDC's investment is already apparent. We've seen other funds emerge – we were one of the first after the political changes, but after us there have been two or three other funds. CDC provided a show of leadership and I think Egypt needed that at the time.

What was it about CDC specifically that made you approach them?
I had prior working experience with CDC, when I worked for 8 Miles, another African fund manager, whose fund CDC invested in. I appreciated that relationship. They were very supportive and very straight. It was this initial good experience of CDC that made me think about them again.

Can you tell us about working with CDC before they committed to the fund?
When I first approached CDC about this new fund, they were open to discussions. The experience we had with CDC was extremely positive and helpful, and the team was very pragmatic and offered amazing support.

In many cases, we needed someone to negotiate between the other investors and come up with mutually agreeable solutions. CDC took the time to talk with the other investors and bring divergent points of view together. They were very open in their feedback on what was good and what needed improvement in our proposal. They helped us when we discussed having independent investment committee members – they proposed a few people and they helped us with introductions. And they were very forthcoming about what they could and could not do.

How do you think you'll work together in the future?
Although it's only been a short time since CDC invested, we're already seeing the benefits of their support. We see the support on the environmental, social and governance (ESG) framework – it's something we cooperate on, and the ESG team at CDC is very supportive at providing guidance and training.

Whenever there is any potential investment or potential cooperation that we could benefit from, we see them reaching out and making introductions. CDC has already connected us with other fund managers who are interested in investing in Egypt. We're happy that CDC sees us as a trusted partner in Egypt.

« The team was very open in their feedback on what was good and what needed improvement in our proposal. »

Emad Barsoum, Founder and Managing Partner, Ezdehar Management

The Africa List

Supporting the next generation of CEOs

The Africa List is a community of the next generation of CEOs set up by CDC, which currently operates in five high-growth African countries.

Daniel Rea, Managing Director, Zambezi Star, and member of The Africa List, tells us about his experiences.

While being part of The Africa List in Zambia I've moved from a 12-year career at blue chip multi-nationals to being a full time entrepreneur. I'm now leading three SMEs that are building a mini economy around a renewable energy source in rural Zambia.

The leadership required to build and scale new teams from scratch, in sectors ranging from agriculture to building materials to hydroelectric power generation, compared to managing an existing team in a more structured corporate setting, is completely different. Being part of The Africa List has been invaluable for connecting me to both like-minded peers within the community, and more senior leaders who are able to give advice on challenges we're facing.

A key highlight and inspiration was a workshop with Joe Mutizwa, previously CEO of Delta Beverages in Zimbabwe for ten years during the worst of its economic crisis. He gave us practical strategies on how not just to build, retain and motivate your team through uncertain and volatile conditions, but to lead them to excel.

Ensuring workers achieve their potential

Ritu Kumar
Director, Environmental and Social Responsibility, CDC

We know that to improve people's lives, providing access to a good-quality job is vital.

None of this is easy – we're working in countries where enforcement of labour laws can be weak or the health and safety culture inadequate. But the work my team has been involved in is helping businesses overcome these challenges. We're helping companies recruit the specialist staff they need, and get other people in the company enthusiastic about culture change.

From educating the workforce on health and safety in an Indian company, to improving working conditions at a hydropower plant in Pakistan, businesses and individuals can benefit from putting people first.

Danford Mpalanzi and his team at Songas, Tanzania.

« I love working with the trainees, they are the next generation. »

Danford Mpalanzi, Songas, Tanzania

During the investment process and beyond, we work with companies to provide practical support, to help them improve working conditions.

Pristine Logistics is a developer and operator of rail-freight infrastructure in India, and is educating its workforce on health and safety. The culture amongst staff is beginning to shift as they realise the importance of health and safety. We speak to Amit Kumar to hear what the company's been doing, and to Archna Pandey to hear the impact the changes are having on staff.

Amit Kumar,
Director, Pristine Logistics

What measures has Pristine Logistics introduced that focus on improving job quality?
When we started working with CDC, we were exposed to a lot of new ideas – all targeted towards educating the workforce on how safety can be factored into their everyday work. We've started implementing a lot of things, some small, some big. For example, we have introduced training programmes for our drivers, and doctors regularly provide health check-ups for staff.

What benefits has the company seen from introducing measures like these?
We have started analysing 'near misses' and they have almost vanished. And, when they do happen, there is a discussion with the people involved, and that process in itself becomes its own awareness programme. Efficiency levels, I would say, have improved as well – people are able to do more work in the same amount of time.

From the business point of view, it has helped too. With one of our new customers, if we hadn't have introduced the measures we are talking about, we wouldn't have got their business.

How did the CDC team work with you to develop and introduce these systems?
It all started with CDC. They took us through the whole process systematically – from introducing us to external consultants in the first stages, to working with us to recruit our first dedicated environmental and social manager. We are now expanding our team and employing two more people to work with them.

Do you have plans to introduce further support for employees in the future?
As we expand the business, we will be introducing these measures at every new logistics terminal we open. It's our way of working.

Gulpur Hydropower Plant, Pakistan

Creating safer working environments for employees

We provided a loan in 2015 to support the construction of Gulpur Hydropower Plant. Since then, we've been working with Mira Power Limited – the operators of the plant – and other investors, to improve job quality for direct employees and over 700 contracted workers.

Mira Power has focused on occupational health and safety, and human resources management. The company has improved safety training and awareness sessions delivered by contractors, improved onsite accommodation, and put in place measures to ensure formal contracts are introduced, where both the employer and the workers understand their rights.

We are continuing to work closely with the company and its contractors to further improve job quality for workers onsite.

*Archna Pandey,
HR and Environmental
Health and Safety
Co-ordinator, Pristine Logistics*

How long have you been working at Pristine?
I joined the HR department at the Pristine terminal in Kanpur four years ago. After a few months, I was given the chance to develop my role and I am now an environmental health and safety coordinator as well, supervising the use of things like wearing personal protective equipment (PPE).

What do you like most about working at Pristine?
I like working at Pristine because of the opportunities you get to train and learn new things. I am learning a lot working here.

How have the employees benefited from the improved safety culture at Pristine?
There has been a definite impact from the safety culture that has been introduced. People are asking to wear PPE and wanting the latest safety jackets and the latest safety shoes.

Developing this culture is working. People are starting to understand that what we are doing is for them – that there is a link between their health and safety and their daily life.

How has having a stable job helped you?
It has given me a lot of confidence. This is definitely a secure job and I have received great support from the management – I don't have any plans to leave!

Cairns Foods, Zimbabwe

Improving job quality in food and drink manufacturing

Takura Capital – a fund we're invested in – has been working with investee company Cairns Foods to improve job quality for its direct employees and the thousands of smallholder farmers who supply the company.

Integral to the improvements was the introduction of a wellness programme for all staff. This included providing nutritious meals to staff every day, regular health awareness days on issues such as HIV/Aids and cancer, and free dental checks.

With Takura's support, Cairns also implemented an out-grower scheme for farmers. The project gives farmers support in growing their crops, and provides a guaranteed and fair market for the pea beans they produce.

« People are starting to understand that what we are doing is for them – that there is a link between their health and safety and their daily life. »

Archna Pandey, Pristine Logistics

Having a positive impact on communities

« When I walk around this plantation, I feel I have contributed to developing this community. »

James Fornah, Miro Forestry, Sierra Leone

Workers at Miro Forestry, a sustainable forestry in Sierra Leone. The company is planting trees for sustainable timber and supporting the communities that live around the plantations.

Srini Nagarajan
Managing Director and Head of South Asia, CDC

Ultimately, what we're here to do is improve the lives of people in the countries where we invest.

There are ways of doing that through supporting businesses to create jobs. But we can also help them increase access to affordable goods and services, or have a responsible attitude to protecting the communities where they're based.

The wider positive effect that businesses can have on people's lives – including the lives of the poorest people – is exciting. We want to ensure these people can experience the benefits of economic growth and of having responsible businesses in their community.

We help companies consider and plan how they can have the most impact on people's lives in the poorest and hardest-to-reach places. *Whether that's mitigating and adapting to the impacts of climate change or reaching financially excluded people with little access to formal banking. Members of CDC's team, Nik Stone, Ian Brenkley and Maria Largey, explain how CDC's investments have a broader impact on the communities local to our investee businesses.*

Nik Stone and Ian Brenkley, Environmental and Social Responsibility team members, CDC

Climate change is a severe and growing threat to poverty reduction and development. It's affecting people's livelihoods, businesses and economic growth. According to the World Bank, climate change has the power to push more than 100 million people back into poverty over the next 15 years. And sub-Saharan Africa and South Asia will be hit the hardest.

The work we've been involved in has shown that reducing resource consumption and helping companies adapt to climate change helps to build sustainable businesses. At the same time, it creates wider benefits both for the communities they operate in, and for society as a whole.

This year, we've been thinking about how we can help investee companies use resources such as energy and water more efficiently. That's why we've established a Resource Efficiency Facility to help our investee companies capitalise on these opportunities. We're also thinking about climate change in a more strategic way – for example, given the critical importance of water to society, we've included water management as one of the central pillars of our Environmental and Social Strategy.

What do some of these changes look like in our portfolio companies? Resource efficiency is particularly important in the healthcare sector in India as the article (right) on Narayana Health underlines. In Ghana, The Exchange, a real estate development, has received IFC EDGE (Excellence in Design for Greater Efficiencies) certification and is set to achieve 30 per cent savings in energy and 25 per cent savings in water, when compared with conventional buildings.

Only by tackling climate change issues now can these businesses ensure they are around for the long term, continue to grow and provide jobs, and support the communities around them.

Narayana Health, India

Improving environmental management

India's rising population has increased demand for water, while supply has been constrained by successive periods of low rainfall. To ensure Narayana can continue to provide affordable care to patients, we worked with the company to improve its environmental management, with a focus on water consumption, and to reduce its costs.

Water-use audits identified that simple interventions, like encouraging the reporting and fixing of water leaks, would lead to potential savings of more than 10 million litres of water a year.

The audit findings were implemented across all Narayana's facilities in 2016 and resulted in a 33 per cent reduction in total water consumption and costs savings of around $156,000.

*Maria Largey,
Director and
Head of Financial
Institutions team, CDC*

In the countries where we invest, large sections of the population remain financially excluded. In sub-Saharan Africa, just 30 per cent of the population has access to a bank account, and in South Asia the figure is less than 50 per cent. This has a huge impact on the lives of people in those regions. Without access to finance, it is hard to grow their businesses or be resilient to financial 'shocks'.

We want to support micro-entrepreneurs in growing their businesses and in improving their quality of life, and that's why my team is investing in proven and responsible financial institutions like microfinance providers and commercial banks. So far, we're really pleased with the impact – the financial institutions we invest in are now providing financial services to 30 million customers in underserved markets.

In India, following a crisis that occurred in the microfinance industry in 2010, there was a reluctance from investors to support the financial inclusion sector. We responded by investing in a handful of the best-managed companies, all with a vision of bringing financial services to the poor across India. One of these companies is Equitas, which with our investment has been able to reach an additional 1.8 million customers. These are significant numbers, and we're proud to have backed Equitas in its efforts.

Financial institutions can reach people and businesses in underserved areas or groups. For example, our investment in RBL, an Indian bank, has enabled the company to expand into four of the poorest states in the country – Chhattisgarh, Orissa, Uttar Pradesh and Bihar – while enabling them to provide a financial literacy training programme to 35,000 women from low-income communities. The training is making a real difference to women in rural areas, where levels of education are low and levels of financial exclusion are high.

These institutions also provide new, often innovative, products to support financial inclusion. In April 2016, another of our investees, Advans, launched a pilot project to provide digital savings accounts for cocoa farmers in Côte d'Ivoire. The initial launch was a success, with 7,000 farmers across 58 cooperatives subscribing to the service. One farmer commented: "With this Advans Account, my money is better kept, I don't spend money impulsively because I don't have all the cash on me."

Our investments underline the importance of financial institutions to a country's wider economic development. It is estimated that the sector as a whole can contribute up to 40 per cent of GDP in the regions we invest in. This is why we will expand our work on financial inclusion over the coming years – to remove the constraints on people and businesses in some of the poorest parts of the world.

Habib Bank Limited, Pakistan

Boosting financial inclusion

We invested in Habib Bank Limited (HBL) in 2015. The bank lends to 10 million customers – 2.4 million of them women.

Since our investment, the bank became a majority shareholder in First Micro Finance Bank (FMFB). FMFB serves over 250,000 borrowers – two-thirds in rural areas. CDC's seat on the Board helps both partners with their ambitious financial inclusion strategy.

This strategy is benefitting tens of thousands of female micro-entrepreneurs. Women like Fareeda Imtiaz, who has grown her successful bee-keeping business with the help of loans from FMFB; and Belquees Bano, who received a loan to start up a motorbike-parts business after the death of her husband.

« HBL is committed to expanding our outreach across Pakistan, in rapidly developing urban centres as well as in the rural areas of the country. »

Sultan Ali Allana, Chairman, Habib Bank Limited (HBL)

The year's new investments

We provide capital in many ways to meet our investees' needs. Here we outline the different investments we made this year.

Investment highlights

Key

- Our direct investments
- Our fund commitments

For a full list of all of our direct investments and funds invested, see pages 30 and 32.

Pages 28 – 33 feature highlights of some of the new investments we made in 2016.

For further information on all these investments, please visit ***cdcgroup.com***

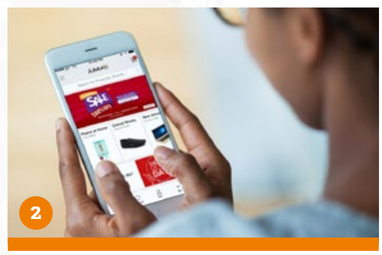
M-KOPA, Kenya

£8.9m

M-KOPA aims to provide clean energy to one million homes in Kenya by 2018. The company sells home solar systems to predominantly low-income customers, who pay on mobile-money payment plans.

To date, the business has connected over 500,000 homes, which now enjoy over 50 million hours of kerosene-free lighting a month and are projected to save over $400 million.

M-KOPA will use our investment to expand its management team and product range, and reach many more of the 600 million Africans currently living without electricity.

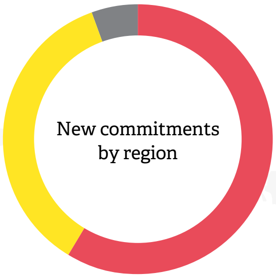


Jumia, pan-Africa

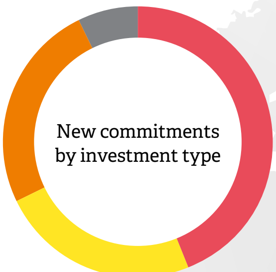
£39.6m

Jumia is Africa's leading e-commerce firm, operating in 23 countries across the continent. It currently connects more than 380,000 companies – the majority of which are local businesses – to millions of African consumers. Jumia's success is helping to develop payment and logistics infrastructure that will benefit other e-commerce businesses in the markets it operates in.

Our investment will help Jumia expand into new countries, creating thousands of jobs.



Africa	£682.6m (59%)
South Asia	£415.9m (36%)
Pan regional	£62.7m (5%)
Total commitments	**£1,161.2m**



Direct equity	£509.2m (44%)
Direct debt	£283.3m (24%)
Intermediated equity	£288.6m (25%)
Trade finance	£80.1m (7%)

Sirajganj 4 power project, Bangladesh

£79.2m

The Sirajganj 4 power project is the construction of a greenfield dual-fuel combined-cycle power plant in the Sirajganj district of Bangladesh.

The persistent lack of electricity in Bangladesh is a major barrier to economic growth and reducing poverty. This project, with a capacity of 414 MW, will support Bangladesh's vision for continued growth and development, and provide cost-effective and reliable energy to the country.

The loan, our biggest ever direct debt investment, will enable the construction work to begin, and will help deliver a vital energy project with the potential to transform millions of lives.

Growth Catalyst Partners LLC, South Asia

£12.1m

This is our third 'anchor' commitment with trusted investment fund manager, Lok. The fund manager has an experienced team with a strong and proven record in microfinance in India.

Our commitment to this latest fund has encouraged, for the first time, a commercial investor to also commit, as the fund manager seeks to widen its investor base away from just DFIs. While the fund will continue to focus on financial inclusion, it has expanded its strategy to include the agriculture and affordable healthcare sectors.

Our direct investments
Total: £872.6m

Investment name, Country/region	£m
Africa Internet Holdings GmbH (known as 'Jumia') Pan-Africa	39.6
Africa Power Platform PCC Pan-Africa	47.3
Akiira Geothermal Limited Kenya	2.9
Amandi Energy Limited Ghana	67.9
ARM Cement Limited Kenya	106.7
NewGlobe Schools, Inc. (known as 'Bridge International Academies') Kenya	1.3
CECA SL Generation Limited (known as 'Kissy power generation project') Sierra Leone	57.3
Feronia Inc. Democratic Republic of Congo	1.4
FirstRand Bank Limited MRPA Pan-Africa	80.1
Global Fashion Group S.A. Global	2.0
I&M Holdings Limited Kenya	38.2
India Infoline Finance Limited India	114.4
Irrawaddy Green Tower Project Myanmar	22.6
M-Kopa LLC (known as 'M-KOPA') Kenya	8.9
PTA Bank (known as 'The Eastern and Southern African Trade and Development Bank') East and Southern Africa	34.5
Rainbow Children Medicare Private Limited India	22.8
Ratnakar Bank Limited (known as 'RBL') India	37.6
Standard Chartered Sierra Leone Risk Participation Facility Sierra Leone	12.2
Sembcorp North-West Power Limited (known as 'Sirajganj 4 power project') Bangladesh	79.2
Tata Value Housing India	17.1
Touch Holdco 3 Private Limited (known as 'CARE') India	21.1
UNIC Online Limited (known as 'UNICAF') Pan-Africa	8.0
Zambeef Products Plc Zambia	49.5
	872.6

Africa Power Platform PCC, pan-Africa
£47.3m

We partnered with the Aga Khan Foundation for Economic Development (AKFED) and its industrial and infrastructure development arm, Industrial Promotion Services (IPS), to launch a new joint power platform to boost electricity generation in East and West Africa. The venture will identify new national power projects that need developing, as well as mini and off-grid projects.

Our initial investment funded the Ruzizi III hydro-power project in the Great Lakes region. This will double Burundi's current capacity, increase Rwanda's by 30 per cent and provide power in the eastern Democratic Republic of Congo.

Amandi Energy Limited, Ghana
£67.9m

We co-led the debt financing of Amandi, a 200 MW gas-fired power plant currently under construction in Aboadze, Southern Ghana. It is only the second commercially-funded independent power plant in the country.

The plant will help alleviate Ghana's power challenges, where insufficient cost-effective supply has resulted in regular outages. The electricity generated by Amandi will increase business productivity and indirectly create employment opportunities for nearly 70,000 people in the region.

7

India Infoline Finance Limited, India

£114.4m

India Infoline Finance Limited (IIFL) provides a range of financial products, including home loans, loans for SMEs and vehicle finance. From over 1,000 branches in India, it serves around three million customers – many of whom are from underserved communities or regions.

Our investment will enable IIFL to grow further, with a particular focus on affordable housing, and lending to SMEs and micro businesses.

9

The Eastern and Southern African Trade and Development Bank, East and Southern Africa

£34.5m

The Eastern and Southern African Trade and Development Bank (TDB) is an African regional development finance institution. Based in Kenya, it operates in 15 countries across East and Southern Africa, and provides finance to support vital trade and infrastructure projects – from hydro-electric power in Uganda to telecommunications in Zanzibar.

Our investment will enable TDB to increase its infrastructure support in the region and provide longer-term funding to businesses and projects.

8

Irrawaddy Green Tower Project, Myanmar

£22.6m

Irrawaddy Green Towers (IGT) is the largest independent telecoms tower company in Myanmar. With the support of CDC and other DFIs, IGT has become the backbone of Myanmar's telecommunications network, with 2,000 towers already built and 2,000 more under development.

With this infrastructure, around 14 million people, mainly in rural areas, now have mobile phone coverage, and Myanmar is the world's third fastest growing mobile phone market (behind India and China).

10

Zambeef Products Plc, Zambia

£49.5m

Zambeef is a Zambian cold-chain food processing business that plays a vital role in improving agricultural self-sufficiency and food security. It buys cattle, pigs, poultry, milk and grains from small farmers, providing a much-needed market for local businesses.

Our investment will enable Zambeef to grow its food processing business, as well as expand its distribution and retail outlets within Zambia and adjoining markets. This will widen local consumers' access to good-quality, nutritious and affordable foods.

Our fund commitments
Total: £288.6m

Fund name, Country/region	£m
Abraaj Growth Markets Health Fund LP Africa and South Asia	60.7
Actis Africa Real Estate Fund 3 Pan-Africa	12.1
Adenia Capital (IV) LP West Africa and Indian Ocean	13.3
AFIG Fund II LP West Africa	16.2
African Rivers Fund Central Africa	8.0
Amicus Capital Partners South Asia	20.2
Catalyst II LP East Africa	16.2
EuroMena III Pan-Africa	16.2
Ezdehar Egypt Mid-Cap Fund Coöperatief U.A. North Africa	12.1
Fibonacci India Fund Co Limited (known as 'Phi Capital') South Asia	20.2
Growth Catalyst Partners LLC South Asia	12.1
Kotak India Private Equity Fund III South Asia	32.4
Meridiam Infrastructure Africa Fund Pan-Africa	26.6
Takura II Southern Africa	6.1
VentureEast Proactive Fund II LLC South Asia	16.2
	288.6

Why do we invest in funds?
We choose to invest in funds for three main reasons:

- Mobilising capital from commercial investors: we want to demonstrate that it is possible to invest successfully in challenging environments, and attract commercial capital to these markets.
- Reaching more and smaller businesses: funds enable us to provide capital to a broad range of businesses, particularly those that are difficult to access directly.
- Developing local investment capacity: we want to support the establishment of an enduring investment industry with the right people and skills to channel capital into countries, to support economic growth.


11

Abraaj Growth Markets Health Fund LP, Africa and South Asia
£60.7m

The fund will create city-based integrated healthcare systems, initially across 11 cities in Africa and South Asia. The aim is to provide accessible, affordable and high-quality treatment for non-communicable diseases.

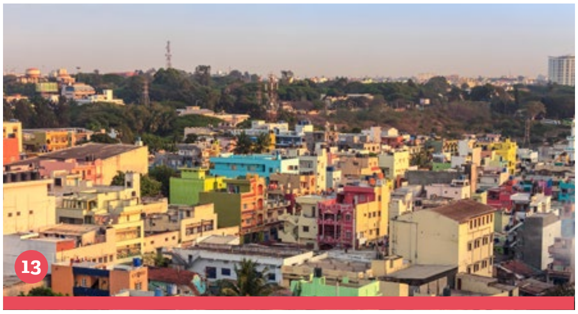
The fund will invest in new construction as well as existing assets. Each location will be independent, but share information and operational support, standardising protocols and processes, facilities management and personnel.


12

Adenia Capital (IV) LP, West Africa and Indian Ocean
£13.3m

Adenia Partners is a fund manager focusing on investing in small and medium-sized companies across the West African and Indian Ocean region. It is an active investor that supports investee businesses in making operational improvements.

We have supported the fund manager since 2007, backing previous funds and expansion into West Africa. This new fund will invest in small and medium-sized businesses, with a focus on Ghana, Côte d'Ivoire and Madagascar.

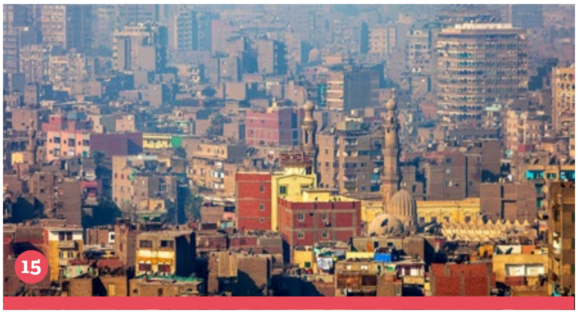


13

Amicus Capital Partners, South Asia
£20.2m

Amicus Capital Partners is an Indian-focused first-time fund, targeting investments in small businesses in the healthcare, financial services, technology, business services and consumer sectors.

Our commitment has encouraged others to commit to the fund. We worked closely with other potential investors and discussed our due diligence findings with them to assist their evaluation of the fund.



15

Ezdehar Egypt Mid-Cap Fund Coöperatief U.A., North Africa
£12.1m

Egypt Mid-Cap Fund was established by first-time fund manager Ezdehar Management in 2014 to respond to unmet demand for investment in Egypt following the Arab Spring. The fund will target SMEs which are currently overlooked by most investors. It will invest in sectors that take advantage of Egypt's demographics and large consumer base. The fund manager team comprises Egyptian nationals who have a mix of investment and operational experience both in Egypt and internationally. They will use their experience to support their investee companies to improve and grow.

14

Catalyst II LP, East Africa
£16.2m

We've worked with this Nairobi-based investment fund manager since its inception, and played a leading role in the establishment of its second fund during a period of political and economic uncertainty in the region.

The fund will focus on East African SMEs that are expanding in response to growing domestic consumer demand and regional integration, with a particular focus on Kenya, Tanzania, Uganda, Zambia and Ethiopia.

16

Phi Capital, South Asia
£20.2m

Phi Capital is an Indian-focused fund that will invest in SMEs in the consumer, business services and manufacturing sectors. The fund will invest in family-owned businesses with operational and management needs and limited access to capital.

We initially began working with Phi Capital in early 2014, and over the past year introduced other potential investors. We have played a critical role in guiding the manager through the development of a first-time fund.

The year in numbers

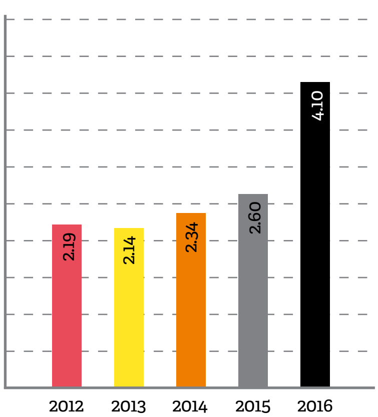
A summary of our impact in numbers, from jobs created to our broader impact

Broader impact

Amount of private sector capital mobilised, by year 2012–16 ($m)

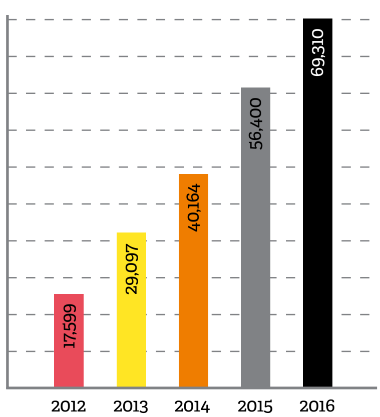
Year	CDC commitment to funds ($m)	Private sector capital mobilised ($m)		
		From funds CDC committed to that year	From funds CDC committed to in previous years	Total amount mobilised
2012	198	123	129	252
2013	650	827	155	982
2014	132	250	577	827
2015	350	832	675	1507
2016	**357**	**316**	**227**	**543**

Taxes paid ($bn)

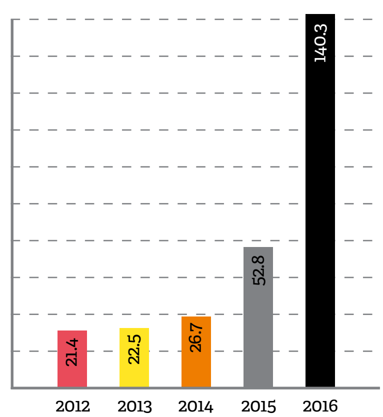


The increase in the 2016 figure is largely due to new investments and broader reporting in the portfolio.

Gigawatt hours produced by portfolio businesses (GWh)



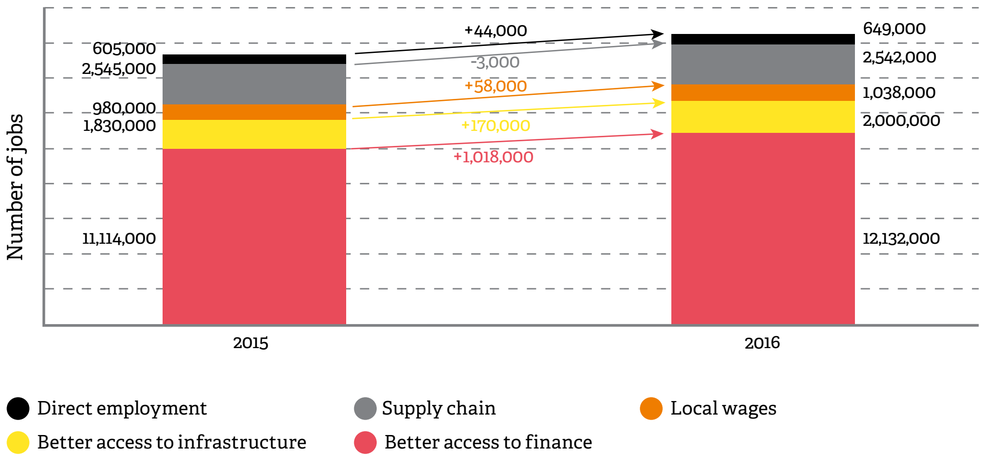
Loans and advances supplied by financial institutions in our portfolio ($bn)



The increase in the 2016 figure is largely due to broader reporting from financial institutions in the portfolio.

Jobs

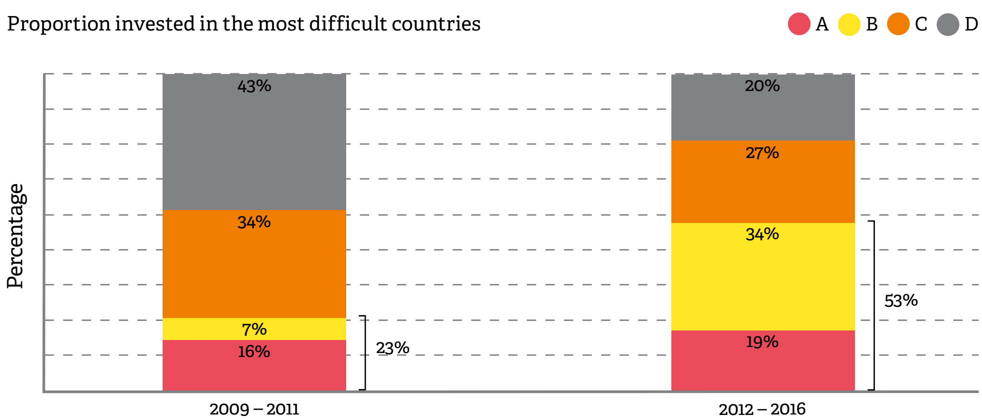
Breakdown of jobs supported, by type of job



We are working with IFC and the Let's Work Partnership to review the estimates on job creation through better access to finance.

Countries

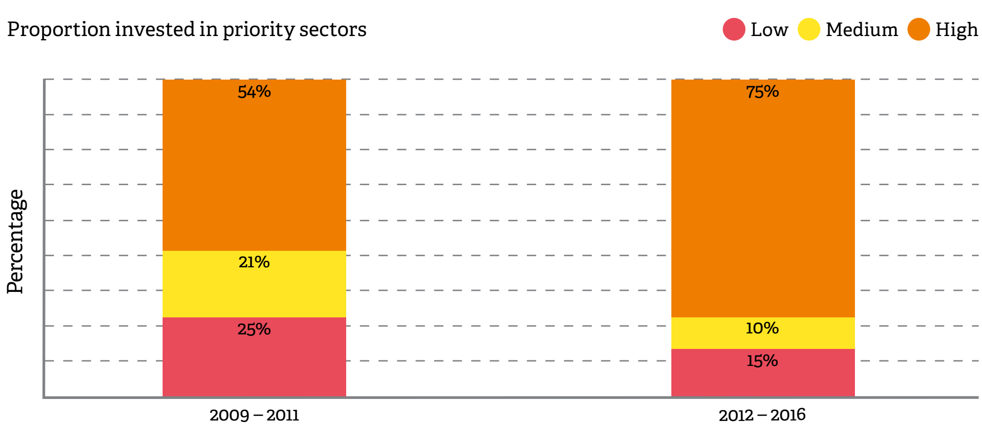
Proportion invested in the most difficult countries



With the help of economists, we've graded each country based on investment difficulty and income level (four categories, A–D, with A being the most difficult). The proportion of our disbursed investments under our current strategy going to the poorest and most challenging countries – category A and B countries – was 53 per cent on average during the period of the 2012 – 16 strategy (compared with 23 per cent on average during 2009 – 11).

Sectors

Proportion invested in priority sectors



With the help of economists, we've evaluated sectors for their job creation potential (three categories, High, Medium and Low). The proportion of our disbursed investments under our current strategy in sectors that create the most jobs was 75 per cent on average during the period of the 2012 – 16 strategy (compared with 54 per cent on average during 2009 – 11).

Glossary of terms

DFI	Development finance institution
DFID	Department for International Development
GDP	Gross domestic product
Global Goals	A set of sustainable development goals that UN member states aim to achieve by 2030
GWh	Gigawatt hour
IFC	International Finance Corporation
MW	Megawatt
NGO	Non-governmental organisation
SME	Small and medium-sized enterprise
$	All $/dollars are US dollars unless otherwise stated

Data disclaimer

While we have used our reasonable efforts to ensure the accuracy of the data used in this report, data regarding employment and taxes paid has not been audited or independently verified. Data on employment and taxes paid has been received from many but not all of CDC's investee businesses. We have received this data from our investment partners, including the fund managers that have invested our capital (and the capital of others) in these businesses. Data may be from different points in time but was requested to relate as closely as possible to year end 2016. Employment data may sometimes include contract workers and other non-permanent workers. Tax data mostly refers to corporate taxes paid in the 2015 financial year by CDC's investee businesses. This data should be read as being indicative of magnitude rather than exact figures.

Photography

All photographs originate from CDC's image library of investee businesses, or have been supplied by investment partners, purchased from stock libraries, or have been taken by CDC employees on site visits.

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