British International Investment

ANNUAL REVIEW 2023

# Creating impact together


**British International Investment plc**
The UK's development finance institution

# Creating impact together

**No country has ever escaped poverty without developing a thriving private sector. But building successful economies depends on investment. And the people and places most in need of capital end up receiving the least.**

This investment gap keeps poor regions poor. It prevents nations from being able to address deep structural problems including employment, climate collapse and social inequality.

We invest in what matters most to developing countries. Through our investment we aim to create greater security for people, more jobs and opportunities, tax revenues for governments, and to combat the causes and effects of the climate emergency. We support the growth of sustainable economies that work for both people and the planet.

But we can't achieve this impact alone. As the UK's long-term investor into developing economies, we work in partnership with many others: our investment partners, entrepreneurs and the countries where we invest.

**We are British International Investment. We are the UK's development finance institution.**

## This report sets out the impact we target for people and for the planet.

## Impact on people

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# Chair's statement

**Diana Layfield** *Chair*

*"We remain focused on maximising the positive impact of the organisation – both on people's lives and on the planet."*

**Last year marked BII's 75th anniversary. The world around us has changed enormously in the last 75 years, and BII has evolved with it, with our investments adapting to respond to new challenges. But some things haven't changed.**

First, core development challenges remain. In a world facing an ever-growing climate challenge, and where inequality and access to basic water, power and economic development remains a profound human challenge, our role is as important as it has ever been. Second, our creativity, risk-taking, resilience and willingness to pioneer still lie at the heart of achieving our mission. Third, partnership remains key. And what we hear from partners in the countries where we invest is that the longevity and consistency of our presence and mission are something they value.

We are now two years into our five-year strategy. We have achieved a lot over the last year and continue to make important progress in delivering that strategy. In this report, you will read about the progress we've made.

We remain focused on maximising the positive impact of the organisation – both on people's lives and on the planet. The Board continues to guide, monitor and validate our development impact. That includes understanding how our impact management tools are shaping the portfolio and ensuring we're directing capital to the right places.

It also includes understanding the kind of impact our investments are having on an individual level. The Board had the opportunity last year to see some of those examples of impact in action during a visit to investee companies in Kenya, including Apollo Agriculture. The company provides smallholder maize farmers in Kenya and Zambia with finance for high-quality seeds and fertilisers along with leading-edge agricultural advice. Their farmers show almost double the productivity of their peers, transforming livelihoods and the prospects for small-scale farming in Kenya, with the aim to reach 2.3 million farmers by 2026.

As with last year, the context in which we have operated has meant a continued tough set of economic circumstances. This means that, as a Board, we have continued to think carefully about our responsibilities as a steward of the organisation, how we respond responsibly to the global environment, how we continue to meet the priorities we set for the strategy period and how we innovate to achieve our mission.

Despite the progress we have made, we also recognise there is still more to do to take BII to the next level in the impact we want to achieve. Working with our partners is a key aspect of this, and that includes working with partners to tackle problems and pool capital. For example, as a Board, we are focused on the organisation's objective to mobilise more private capital into the emerging economies where we invest. Of course, this is an objective that is even more difficult in tough economic circumstances. We know we need to work with partners to unplug innovation and we are making progress, but also acknowledge there's more to do.

I am grateful for the dedication, passion and commitment of the variety of stakeholders who take an interest in our work and hold us to account. We value their feedback and welcome the opportunity to engage with scrutiny of our performance.

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In 2023, we supported the International Development Committee's inquiry on the UK's strategy towards development finance institutions (DFIs). The inquiry has provided important scrutiny of the organisation, and more generally, I want to thank Parliamentarians across all political parties who have supported our work, including by challenging us and holding us to account. What strikes me as remarkable is the degree of commonality, rather than division, that I have seen across parties in those who care about international development.

We were delighted to host members of the International Development Committee to visit some of our investments in Nepal, as part of the inquiry. It was an opportunity to demonstrate the scale of impact we are able to achieve with our partners, in some of the most complex and challenging investment environments.

Last year also saw the publication of our Transparency Roadmap. As a publicly owned body, the information we publish about our investments, our operations and our governance holds us accountable to a range of stakeholders, including Parliament and the public. The Roadmap sets out the steps we will take to become more transparent.

I would like to end with some thanks. First, to our shareholder. Throughout the year, we continued to benefit from their support and partnership, including the dedicated Civil Service team at the Foreign, Commonwealth and Development Office (FCDO), both in the UK and in the countries where we invest. I am pleased that our activities over the past year have demonstrated our close partnership with the UK Government. That has included visits of UK Ministers to several of our portfolio companies, to understand both the role that BII can play in the UK's partnership with emerging economies, and the impact we are having alongside our partners.

I would also like to thank my fellow Board members for their unwavering commitment and support over the last year, as well as our Investment Committee, which scrutinises every investment decision we make. And of course, our staff – it is their commitment that truly makes the difference. Every day, every person who works at BII comes to work because they believe what they do can help improve people's lives.

Of course, one of the most important jobs for any Board is to appoint the CEO, and with Nick O'Donohoe's departure announced at the beginning of 2024, our focus is to find the best successor to lead this important institution.

I would like to end by expressing my, and the Board's, huge gratitude to Nick. I have a deep appreciation and admiration for his dedication and contribution over the past seven years at BII. Over the last two years, I have had the privilege to work with him on a wide range of areas, and he has always shown his characteristic thoughtfulness, as well as a deep and enduring passion for development and a profound commitment to BII as an institution. He has led BII through a period of significant transformation to build, with our staff team, a world-class investment organisation with development impact at the heart of everything it does.

***Diana Layfield***
*Chair*

**Apollo Agriculture, Kenya**

# CEO's statement

**Nick O'Donohoe** *CEO*

*"BII is going from strength to strength and is playing an important role for the UK in showing leadership on development and climate finance."*

**Sitting down to write my last CEO statement at BII, I have reflected on my first statement in our 2017 Annual Review, and the significant changes this organisation has seen over that time.**

When I joined, my objective was to build a world-class investment organisation with development impact at its core, and to create an institution that would position the UK at the forefront of global development finance.

I'm proud of what we have achieved over the last seven years.

We have grown the organisation – both in the scale of our financial commitments and our organisational capabilities. Since 2017, we have committed over £9 billion in long-term, impactful investments, and we now manage over £8.5 billion in assets, compared with around £5 billion in 2017. To achieve this, we have grown from a team of around 220 people in 2017 to over 600 in 2023.

We are more focused on impact than ever before. Our team of impact professionals is a key part of our investment process, and development is built into every investment decision we make. We have built a market-leading framework to evaluate, measure and monitor the impact we make. We have also played a role in bringing the development finance industry together across key themes such as gender lens investment through 2X; climate adaptation and resilience through the Adaptation and Resilience Investors Collaborative; and catalysing greater investment in lower-income countries through the Africa Resilience Investment Accelerator.

Added to that, we've sharpened our regional focus. Partnership working and strong networks are key to generating impact, so today we have a much greater presence in both Africa and Asia. And this sharper focus has facilitated innovation – for example in how we've expanded the pioneering and market-shaping work of our Catalyst Portfolio.

We have built a highly effective, resilient institution which has stood us in good stead to meet the considerable global challenges of the last three years and provides a foundation that will allow my successor to do even more in the years to come.

## A long-term investor in the midst of global economic uncertainty

In terms of 2023, it's been another difficult year from both a macroeconomic and a political perspective, particularly in many of the markets in which we invest. Against this backdrop, I feel positive about what we have achieved. First, our investment pace has remained broadly similar to 2022, with £1.3 billion of gross commitments. We made 68 new investments compared with 66 in 2022.

It is critically important that we earn a return on our investments and in that respect 2023 was also a positive year. Our gross return across the portfolio was just over 5 per cent in US dollars. The appreciation of sterling in 2023 meant a more modest portfolio return in sterling, of 1.1 per cent. We are a long-term investor and the investments we make today may only generate impact in several years' time, so it's important to view our financial return in the context of our broader seven-year average annual portfolio return, which in sterling terms remains above 5 per cent.

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## Development finance making a difference to people's lives

Of course, our most important objective is to make a positive impact in the geographies in which we invest.

To eradicate poverty and achieve the UN's Sustainable Development Goals (SDGs), developing countries need economic growth, to generate goods and services, and jobs and opportunities for everyone, as well as to provide a tax base for governments to invest in social infrastructure and public goods. A flourishing private sector is a vital way of achieving this, and our investment aims to ensure growth tackles core development issues – such as employment, and access to basic goods and services – as well as ensuring the benefits are shared with the poorer and more marginalised sections of society.

In 2023, one example of how we went about those goals was the founding of a new pioneering platform in Ghana – Growth Investment Partners (GIP), – a specialist business tasked with providing local small and medium-sized enterprise (SME) finance. SMEs need finance to grow – and they often don't meet the requirements of traditional finance sources such as banks. GIP has been set up to complement the more traditional private equity model and offer flexible affordable financing options tailored to the needs of each borrower. SME growth means more jobs, more tax revenues, more locally made goods and services, and more opportunities for women.

We also supported food security and the incomes of smallholder farmers by backing businesses such as AFEX, which is building warehouses in Nigeria, Kenya and Uganda to preserve the lifespan of locally harvested crops and so increase the volume of food available. They will be available at a price point accessible by smallholder farmers, so will also help boost their incomes. Another example is Valency, which is expanding cashew processing and warehousing facilities in Nigeria, creating jobs for low-income workers, providing market access for smallholder farmers and increasing agricultural output and export.

Development finance is most needed in countries with the greatest economic and political challenges, and at BII we have always been proud of the way we have committed to those countries.

In 2023, alongside FMO, we became the first foreign financial institutions to provide long-term funding to Ethiopia's financial services sector. Our investment in Dashen Bank will drive agricultural exports and provide the country with much-needed foreign exchange. And we set up a loan facility with Access Bank, which is bolstering affordable access to foreign exchange in fragile economies, including the Democratic Republic of Congo, Mozambique, Rwanda, Sierra Leone and Zambia.

We have also continued to make investments which focus on the economic empowerment of women. Over the year, we made £297 million of new commitments which were 2X qualified, which represents 25 per cent of our annual commitments. One example is COFINA, which provides loans to micro, small and medium-sized enterprises (MSMEs) in Côte d'Ivoire, particularly those that are women-owned or led.

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## Investing to address the climate emergency

Our investment in development finance is often geographically focused to channel capital and support towards countries and people who most need it. Climate change does not respect borders, so our approach differs. Our climate strategy sets out how we are delivering on the goals of the Paris Agreement, and how we are investing in line with net-zero and climate resilient pathways. Alongside targeting climate finance to low-income and fragile countries, we also invest to support climate innovation in middle-income countries.

Over the last few years, our role as a DFI has transformed through our increased focus on climate finance. And in 2023, I was once again proud of our work in this area, where we've made £449 million of new commitments, which represents 37 per cent of our annual commitments, demonstrating our role as a leading climate investor in emerging economies. Since 2020 we have invested £1.6 billion to support the transition to a greener economy.

At COP28, we were delighted to announce six new climate finance investments. They ranged from Planet Solar, Sierra Leone's first large-scale solar independent power producer, helping to address country's need for clean and affordable power, to SunCulture, a Kenya-based company that provides solar-powered irrigation systems to smallholder farmers.

**"Over the last few years, our role as a development finance institution has transformed through our increased focus on climate finance."**

The pioneering platform we set up in 2019, to address under-investment in electricity transmission, distribution and off-grid infrastructure in Africa – Gridworks – is also investing to increase reliable, affordable and green energy. In 2023, it helped set up Weza Power, a new company with the bold ambition to provide affordable and green electricity to up to 70 per cent of the population of Burundi, where today only 12 per cent have access.

When investing to tackle climate change, our mandate provides us with the opportunity to channel our capital in different ways. That includes investing into middle-income countries, where there is either evidence of significant innovation that will benefit the global fight against climate change, or where economies are stable enough to encourage private capital to invest alongside us, to help those countries achieve clean energy goals.

In 2023, as part of the commitment set out in our strategy, we began investing again in South-East Asia, with a focus on renewable energy. A big part of our role here is to mobilise private capital. Given the region's energy demands, and the climate targets several countries have set, it is critical to attract further commercial investors to unleash climate finance opportunities and support green, resilient economic growth. We re-entered the region with our investment in the SUSI Asia Energy Transition Fund, which is financing clean energy solutions, to increase reliable and affordable electricity.

We also continue to play an important role in offering climate finance in India. Our role here is to provide capital where capital markets are slower to take risk and provide capital at scale – for example companies using innovative business models in the fight against climate change.

Companies such as Battery Smart, which is building India's largest network of battery-swapping stations for two- and three-wheel electric vehicles. When I visited the company in India last year, I could see firsthand how our investment would help to increase electric three-wheelers, drivers to earn more and air quality to improve. Other recent investments in innovative climate solutions in India include Euler Motors, which manufactures electric vehicles. And Fasal, a technology company which helps farmers use less irrigation water and pesticide, while producing better crops and becoming more resilient to climate change.

We continue to prioritise climate adaptation and resilience, including collaborating with others to accelerate and scale private investment in this area. This will become increasingly important for the most vulnerable countries and communities in our markets.

As a founding member of the Adaptation and Resilience Investors Collaborative, in 2023, I was pleased to finalise our funding agreement with the United Nations Environment Programme Finance Initiative as the Secretariat of the Collaborative.

## 75 years investing for impact

2023 also marked our 75th anniversary. It marked 75 years of partnership with the countries where we invest, and I feel particularly proud when I visit those countries and hear about the difference that partnership has made over those years, as well as how the investments we've made over the last seven years add to that legacy.

I have had the pleasure and extraordinary privilege of leading this organisation for seven of those 75 years. I am enormously proud of what has been achieved. And to have had the opportunity to lead an organisation of such incredibly dedicated specialists who work tirelessly with our partners to deliver the sort of change that makes a meaningful difference to peoples' lives.

As I prepare to step down, I want to end by thanking all those colleagues at BII, and CDC before it, for their support; our Board members for their wisdom and constant encouragement; everybody at FCDO and the Department for International Development (DFID) for providing the resources to do our job while always respecting our independence; and most especially all our partners and our investee companies who do the really hard work of delivering jobs and more prosperous lives in such difficult economic and political environments.

BII is going from strength to strength and is playing an important role for the UK in showing leadership on development and climate finance. As I hand over the stewardship of this wonderful and vital institution, I know my successor will build on this success.

***Nick O'Donohoe***
*CEO*

# 2023 at a glance

In partnership with the G7 countries, during the G7 meetings in Tokyo, Japan, we agree the establishment of a Ukraine Investment Platform, to contribute to the reconstruction of the country.

Upper-Trishuli-1, a hydropower development in Nepal, which we've invested in since 2019, reaches an important milestone, with the foundation stone laid at the plant. Once complete, the plant is expected to increase the country's installed power capacity by 10 per cent.

At COP 28, we announce six new climate finance commitments totalling $55 million. These commitments underline our growing ambition to provide climate finance to support those countries most vulnerable to the climate emergency.

## January


To mark our 75th anniversary, we host a series of business receptions across the countries where we invest, starting in Karachi, Pakistan, where we also celebrate 35 years of investing in the country.

## March

In partnership with Metito Utilities Limited, we officially launch Africa Water Infrastructure Development. The company is a first-of-its-kind platform, designed to develop climate-smart water projects at scale and to increase water security across Africa.

## May

We mark our re-entry into South-East Asia under our current investment strategy, with a £12.5 million commitment to SUSI Asia Energy Transition Fund. The investment will help to boost clean economic growth and support the region's green energy transition.

## July

We launch Growth Investment Partners (GIP), a pioneering investment platform to boost funding for SMEs in Ghana. GIP offers flexible financing options tailored to the needs of each borrower.

Find out more on page 55

## September

We unveil a string of initiatives in support of the inaugural Africa Climate Summit. This includes a new framework to help develop climate-resilient water systems, and a new electricity utility in Burundi that will bring grid power to nine million people.

Read more about the new Gridworks initiative on page 20

## December

We publish a Transparency Roadmap, setting out the steps we will take to become more transparent. We have a strong track record on being transparent, but recognise we can continue to make improvements.

Our new Roadmap sets time-bound deliverables across five priority areas

# Whether transforming lives and markets or having a positive impact on the planet, our investments are making a difference.

In 2023, we made

## £1.31 billion

of new commitments*

In total, across our whole portfolio, we're invested in...

**1,580** companies

**65** countries

**730** businesses in Asia

**812** businesses in Africa

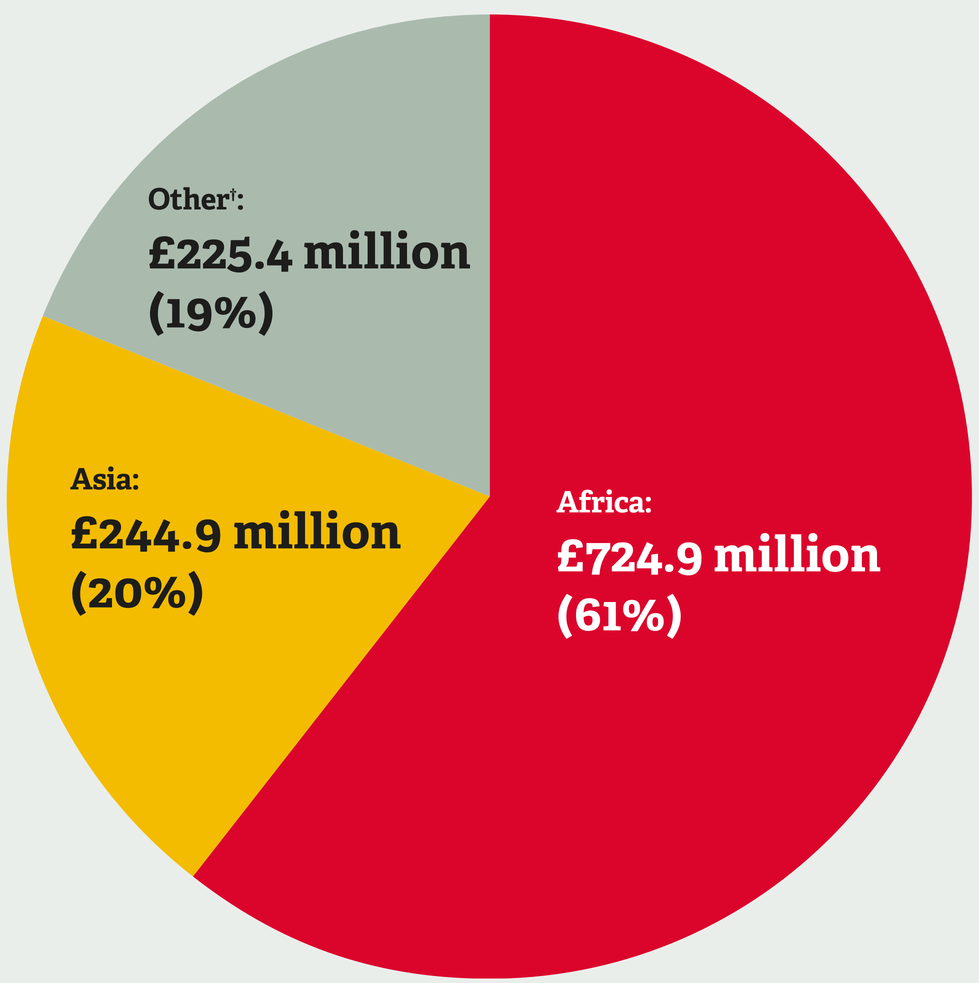
* This is based on our gross commitment figure. Turn to page 12 for more information.

## Backing key regions

Over the past ten years, we have focused our investment in Africa and South Asia. In 2023, a significant proportion of our commitments went to Africa, due partly to trade finance commitments.

In our current 2022 – 26 strategy, we have expanded our geographic remit to include South-East Asia and the Caribbean. We made our first investment in the South-East region in 2023.

### Our 2023 commitments by region*



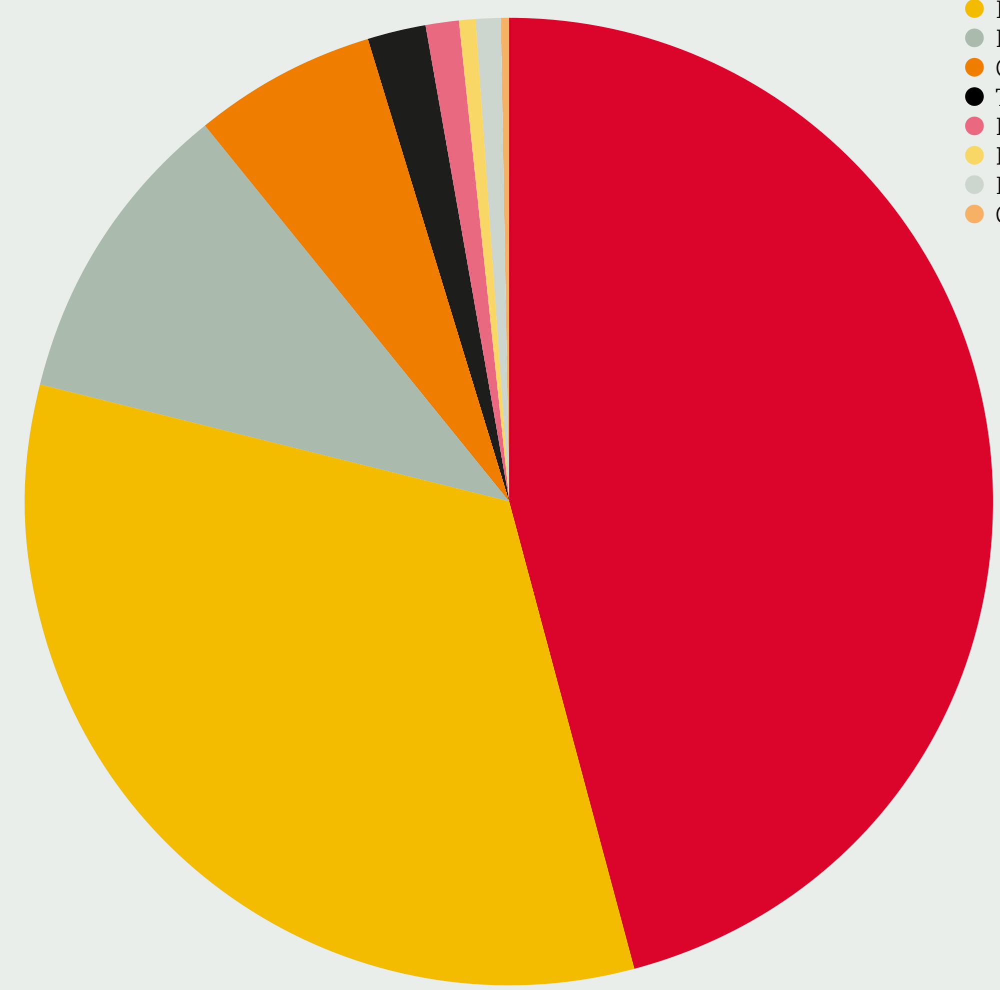

* Based on net new commitments for 2023. Turn to page 52 for more information on our 2023 commitments.
† This includes investments that span both Africa and Asia, as well as investment in other countries beyond these regions.

You can find out more about our portfolio by country and region here

## Supporting priority sectors

A focus on, and expertise in, key economic sectors is central to our approach to making successful investments. We prioritise those sectors that facilitate development and need our capital the most. Our priority sectors are those with the strongest potential to create the most jobs for the capital invested and contribute towards many of the SDGs. These sectors include: financial institutions that direct capital to the people and enterprises that need it; the power infrastructure that will provide people with better access to electricity; sectors that are powerful job creators; and sectors critical to improving access to basic goods and services. This year, a significant proportion of our commitments went to financial services, driven by a number of trade finance and trade loan commitments (£226 million).

### Our 2023 commitments by sector*



**Key**

| | |
|---|---|
| Financial services | £548.2m (46%) |
| Infrastructure | £396.7m (33%) |
| Food and agriculture | £121.8m (10%) |
| Other | £72.5m (6%) |
| Technology and telecoms | £23.7m (2%) |
| Manufacturing | £13.6m (1%) |
| Education | £8.3m (1%) |
| Health | £7.8m (1%) |
| Construction and real estate | £2.6m (0%) |

* Based on net new commitments for 2023. Turn to page 52 for more information on our 2023 commitments.

You can find out more about our portfolio by sector here

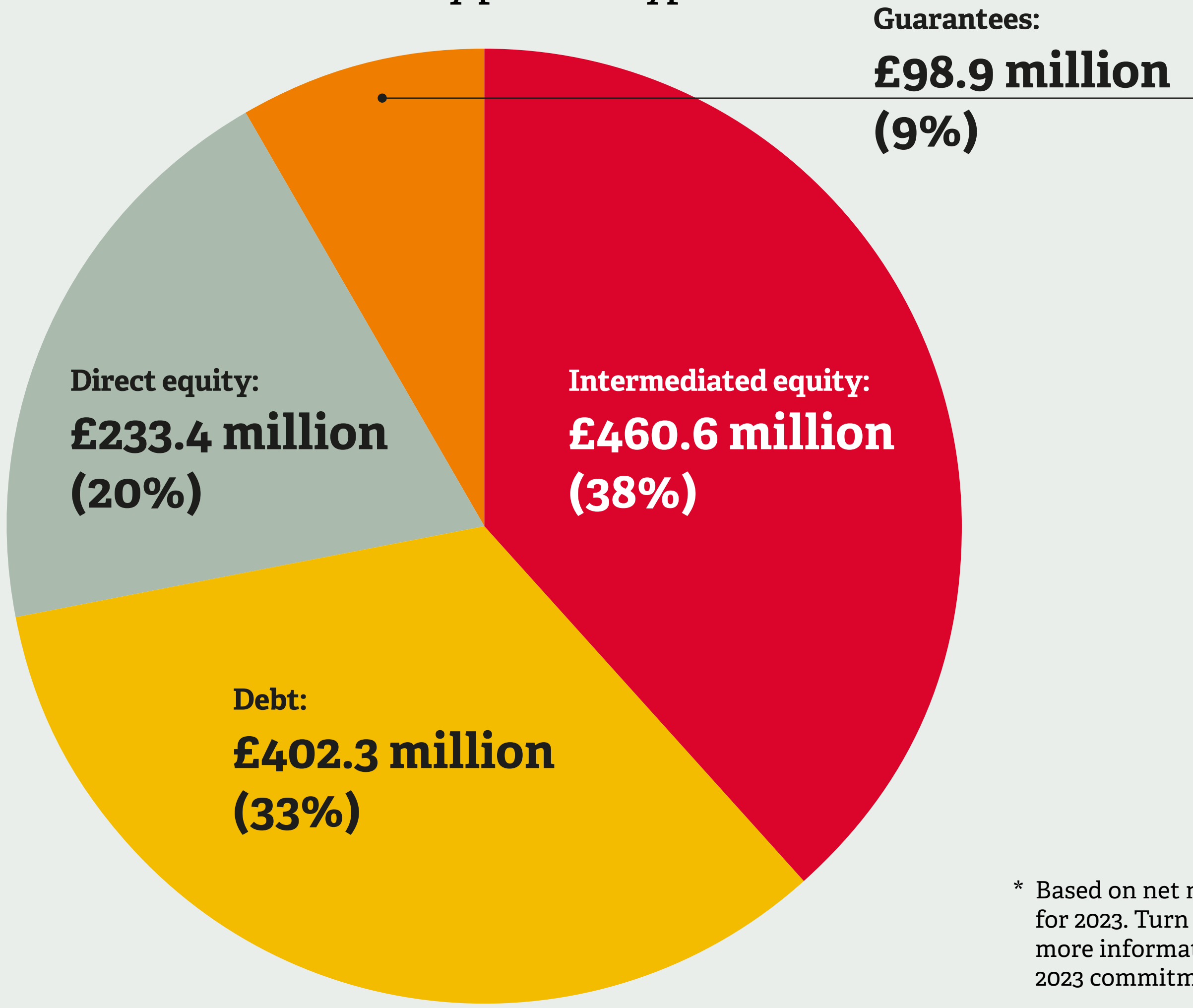
## A flexible approach to providing capital

We provide capital in many ways: direct equity, debt, intermediated investments (funds, for example), guarantees and trade finance. Each product has different benefits, so a flexible approach helps us achieve a wider range of impact objectives and meet the needs of each business.

To effectively meet the needs of the markets where we invest, we run two investment portfolios: Catalyst and Growth. In addition, our Kinetic Portfolio enables us to manage concessional investment strategies, and we have a technical assistance and support facility, BII Plus.

You can find out more on our website

### Our 2023 commitments by product type*




* Based on net new commitments for 2023. Turn to page 52 for more information on our 2023 commitments.

You can find out more about our portfolio by product type here

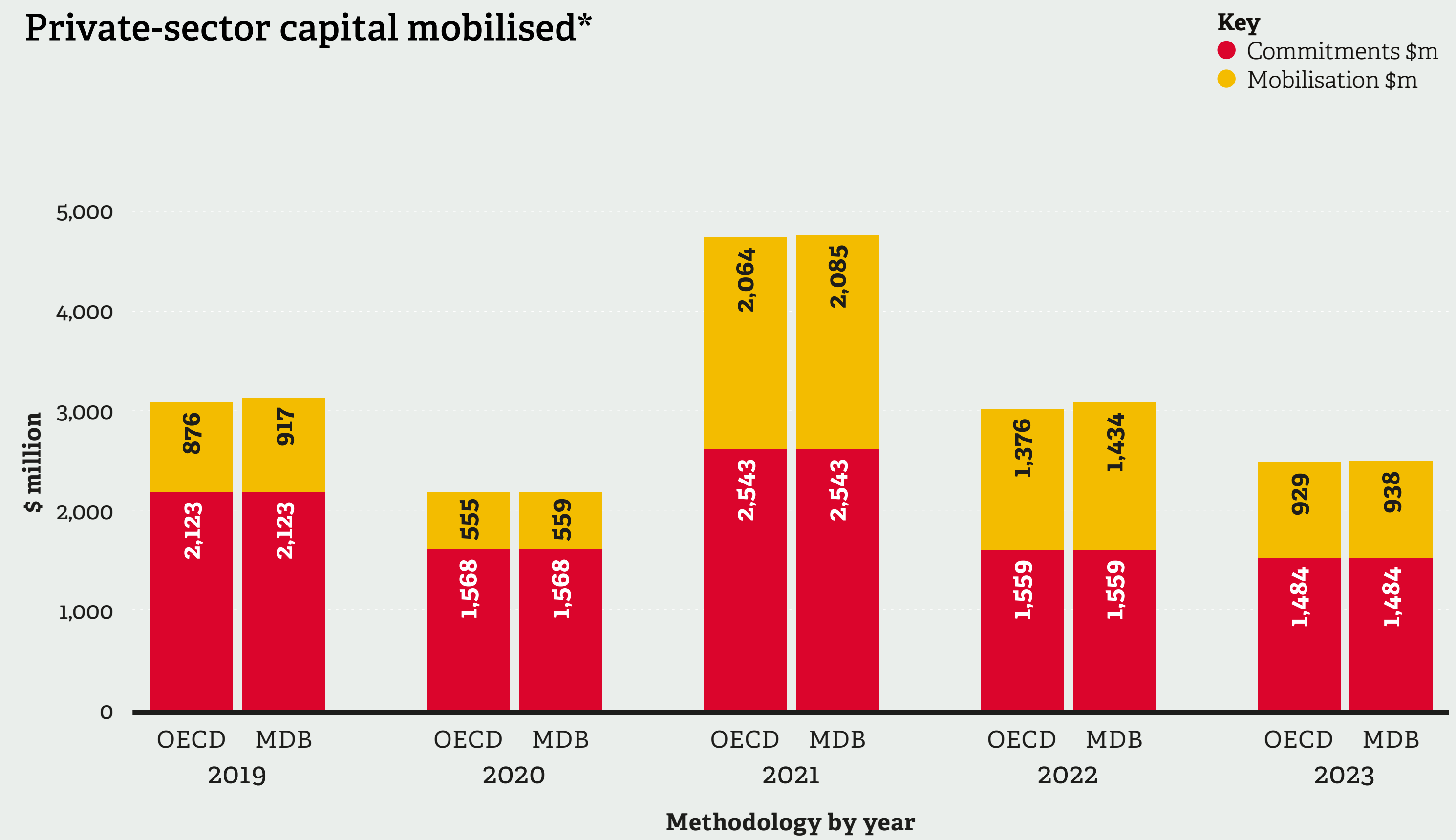
## Mobilising commercial capital into developing economies

It is vital that DFIs encourage private sector capital to invest alongside them. In 2023, we made commitments of $1.48 billion and mobilised $0.93–0.94 billion of private sector capital into our investments. This meant mobilising $63 from the private sector for every $100 of our own commitments, as calculated by both the Organisation for Economic Co-operation and Development (OECD) methodology and the multilateral development bank (MDB) methodology.

Also in 2023, we contributed to the international debate on what private capital mobilisation is and how to best achieve it.

Read our discussion paper 'Understanding Mobilisation'

### Private-sector capital mobilised*




* Based on net new commitments for 2023. Please note the figures on this chart are in US dollars. Turn to page 52 for more information on our 2023 commitments.

Further information about the OECD methodology can be found here
Further information about the MDB methodology can be found here

# We invest to meet the needs of people and the planet in the markets we serve, while ensuring our own long-term financial sustainability.

**In 2023, we made £1.31 billion of gross new commitments, a similar figure to 2022 (£1.27 billion of commitments).**

During the year, we reduced the size of some trade and supply chain finance facilities by £98.2 million, in line with use levels. Additionally, £18.0 million of commitments declared in 2022 were cancelled. Net new commitments were £1.20 billion.

Our total net assets increased to £8.5 billion (£8.1 billion in 2022) and our portfolio grew to £7.3 billion (£6.9 billion in 2022). The main reason for this portfolio growth in 2023 was a higher pace of drawdowns compared with realisations and foreign currency valuation gains.

Our overall result is a loss after tax of £44.0 million (£167.7 million profit in 2022), which represents a loss of 0.5 per cent on net assets this year (2.2 per cent gain in 2022). The portfolio generated a £71.5 million return (£285.6 million return in 2022), which represents a portfolio gain of 1.1 per cent (4.8 per cent gain in 2022).

We track portfolio return in US dollars, as most investments are denominated in this currency. That means our financial results can be significantly affected by changes in the sterling-to-US-dollar exchange rate. That was the case in 2023, where sterling appreciated during the year, causing the differential in sterling and US-dollar results.

In US-dollar terms, returns have been on a downward trend in recent years. However, in 2023, our portfolio generated a gain of 5.2 per cent (3.8 per cent loss in 2022) as we saw some positive performance across our markets.

We are a long-term investor, so it is important to look across several years for trends, recognising that, in any isolated year, market conditions or events may cause exceptional performance. Our financial performance measure, as defined in our 2022 – 26 strategy and 2022 – 26 Investment Policy, articulates our appetite for financial risk and return, as well as ensuring the proper stewardship of taxpayer-owned assets. Our performance is assessed based on a minimum return of 2 per cent across our total portfolio, measured on a rolling seven-year basis. This measure is consistent with our mandate to invest to meet the needs of people and the planet in the markets we serve, while ensuring our own long-term financial sustainability.

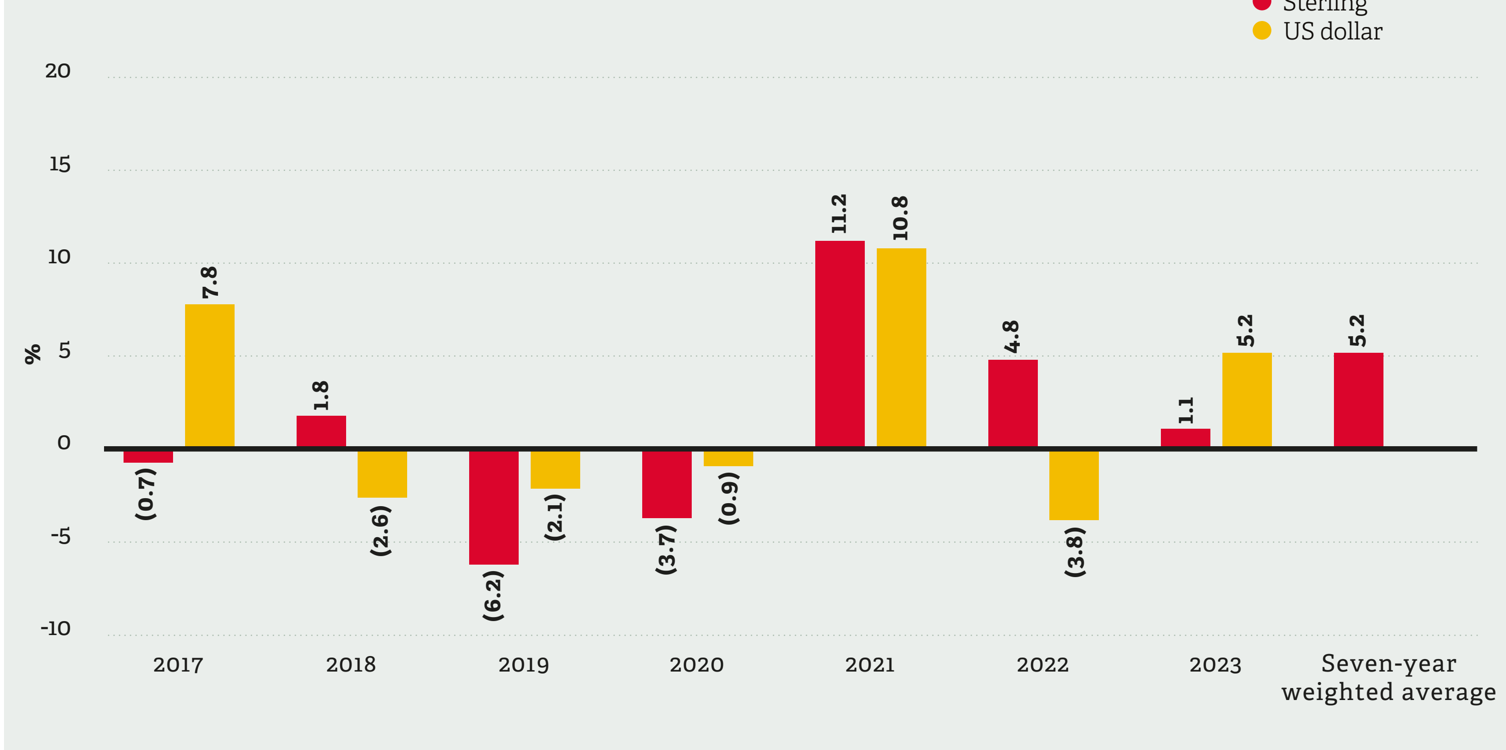
We remain ahead of this financial return hurdle, and the seven-year weighted average annual portfolio return is currently 5.2 per cent, as shown in the chart below.

**£8.5bn**
total net assets

**£7.3bn**
portfolio

**£1.31bn**
gross amount committed in 2023

## Portfolio return



# Our commitment to sustainable development

**We invest to make a lasting difference to people and the planet. This is shown through our commitment to the UN's SDGs.**

We target a wide range of global issues set out in the goals, beginning with Goal 1 on poverty, along with others such as: economic growth, creating more and better jobs (SDG 8); access to goods and services such as power infrastructure and telecommunications (SDGs 7 and 9); gender equality (SDG 5); and climate action (SDG 13).

The SDGs reflect the understanding that sustainable development – everywhere – must integrate economic growth (Productivity), environmental protection (Sustainability) and social wellbeing (Inclusivity). You will see these guiding words – Productivity, Sustainability, Inclusivity – on the following pages as we describe our own approach to impact. Later in the report, you will also see that we use the SDGs' high-level ambition to help us set out the impact we target for people and the planet.

We aim to maximise impact in everything we do. Our overall approach ensures we meet the Operating Principles for Impact Management, which form the international standard for impact management. In our recent verification by BlueMark, we have been rated 'Advanced' across all principles.

Find out more about how we're meeting the Operating Principles for Impact Management

Illustrated to the right are the top three SDGs that received the largest capital commitments from us in 2023, along with the corresponding commitment values.

## Top three SDGs by financial commitment, 2023

8 DECENT WORK AND ECONOMIC GROWTH **£894.6m**

7 AFFORDABLE AND CLEAN ENERGY **£360.2m**

13 CLIMATE ACTION **£357.2m**

A full breakdown of our 2023 commitments for individual SDGs can be found here

# Our Impact Score

## How we calculate our Impact Score

Our Impact Score is designed to recognise and incentivise investments that are likely to contribute most to our three strategic impact objectives of productive, sustainable and inclusive development. We give every potential investment a score for each of these three objectives and then calculate an overall investment score. We combine individual scores to create an aggregate Impact Score for our portfolio.

Find out more about how we calculate the Impact Score for each investment

Our Impact Score is just one part of our overall approach to impact.

Find out more about our impact approach

| Impact Score | = Productive Score | + Sustainable Score | + Inclusive Score |
|---|---|---|---|
| **What does this mean?** | Raising the productivity of an economy so that it can support a decent standard of living for all. | Helping transform the economy to reduce emissions, protect the environment and adapt to the changing climate. | Sharing the benefits of higher productivity and greater sustainability with poor and marginalised sections of society. |
| **How will we measure it?** | 1. Degree of need<br>2. Intensity<br>3. Economic enablers<br>4. Catalysing markets | 1. Climate mitigation<br>2. Climate adaptation and resilience | 1. Reach to low-income populations<br>2. Poor and fragile countries<br>3. Gender and diversity |
| Score ranges from -1 to a maximum capped at 10. | Score ranges from 0 to 4. | Score ranges from -1 to 4. | Score ranges from 0 to 4. |

## Our Impact Score performance

For 2023, our aggregate Impact Score, based on the expected impact of our new commitments, was 6.8.

Our aggregate Impact Score, and the process we use to score individual investments, are externally assured by an independent third party using international standards. This means a third party has reviewed the scoring process and tested a sample of investments to increase our confidence that we have implemented the tool in line with our processes and procedures.

You can read the assurance statement on our website

# We invest to have a positive impact on people and the planet

## Impact on the planet

READ MORE ON PAGES 30 TO 41


## Impact on people

READ MORE ON PAGES 16 TO 29

In every investment, we strive to maximise our positive impact on both people and the planet. However, in the following sections we cover these themes separately.


**To eradicate poverty and achieve the SDGs, countries need economic growth – to generate goods and services, and jobs and opportunities for everyone, as well as to provide a tax base for governments to invest in social infrastructure and public goods.**

**Investing to support a flourishing private sector is vital in achieving this.**

# Impact on people

# Improving access to goods and services

**We invest with the goal of improving access to goods and services that make a difference to people's lives – such as food, health, education, power, financial services or internet access.**

**Here we take a look at some of our 2023 activity in digital access, infrastructure and financial services.**

## Accelerating digital transformation

**The global economy is becoming increasingly digital. But digital services are not reaching everyone equitably. Digital transformation can also meet some of the world's biggest challenges, from addressing inequality to tackling climate change. At BII, we think about three critical pieces of the puzzle.**

First, we look at improving the digital infrastructure all people need, directly or indirectly, in the modern world. This involves developing infrastructure for the internet, such as fibre networks, as this is the critical foundation on which other technology-driven businesses can be built. In Nepal, we've worked with WorldLink, one of the country's largest internet service providers, since 2019. The company is bringing internet access to people's homes and businesses, including in remote communities, in a country where affordable broadband has reached only a quarter of households. Today, WorldLink's customer base has grown to over 750,000 households and businesses. The company is also one of the largest employers in the country, with around 5,500 employees. In 2023, we announced a follow-on investment in WorldLink, which will help to continue this expansion and create additional jobs.

Second, we invest in digitally enabled and digitally native companies that harness the power of digital technology to make their businesses more efficient and accessible, and have a huge impact on people's lives. This year, we've invested in businesses such as Captain Fresh, which uses data and technology to operate a fish and seafood supply chain platform, enabling the company to increase direct sourcing from local fishermen, which in turn increases their incomes.

WorldLink customer, Nepal

Third, we invest in disruptive digital companies that are using technology to directly tackle the development challenges that affect local people. This includes investing in businesses such as Fasal in India, which has an 'intelligence platform' app that helps farmers predict weather patterns, optimise the use of valuable resources such as fertiliser and water, and secure the best prices for their crops. Turn to page 39 to learn more about the company.

# **Accelerating digital transformation** continued

**4.3m**
**active mobile subscribers to Safaricom Ethiopia**

**2,000+**
**connectivity towers deployed by Safaricom Ethiopia**

## Opening access to digital services in Ethiopia

**Investment name:** Safaricom Telecommunications Ethiopia
**Region/country:** Ethiopia
**Investment type:** Growth Portfolio

Since 2021, we've worked with British company Vodafone in the Global Partnership for Ethiopia consortium – operating locally as Safaricom Telecommunications Ethiopia – to create better and more-affordable access to digital services. As Ethiopia is the largest country in the Horn of Africa, building up its long-term digital infrastructure will have a significant impact in a region that continues to struggle with fragility and conflict.

By the end of 2023, Safaricom Ethiopia had attracted 4.3 million active mobile subscribers and deployed over 2,000 towers. 4G coverage in the country has doubled since Safaricom entered the market. Strong mobile networks will bring vital economic opportunities to Ethiopian people, from urban dwellers and farmers to businesses large and small.

This year, Safaricom's M-PESA mobile money service went live in Ethiopia. Known to be a game changer for financial inclusion, M-PESA provides financial services to millions of people who have a mobile phone but no bank account, or only limited access to banking services. By increasing access to digital services such as M-PESA, the partnership is contributing to the country's sustainable future growth, and increasing both financial and social inclusion for Ethiopians.

# Building modern infrastructure

**Infrastructure plays a crucial role in development, and serves as the bedrock of any economy. By providing essential services such as power and transport, infrastructure enables companies and communities to operate efficiently and grow. It's vital to improving people's lives – which is why infrastructure is one of our priority sectors.**

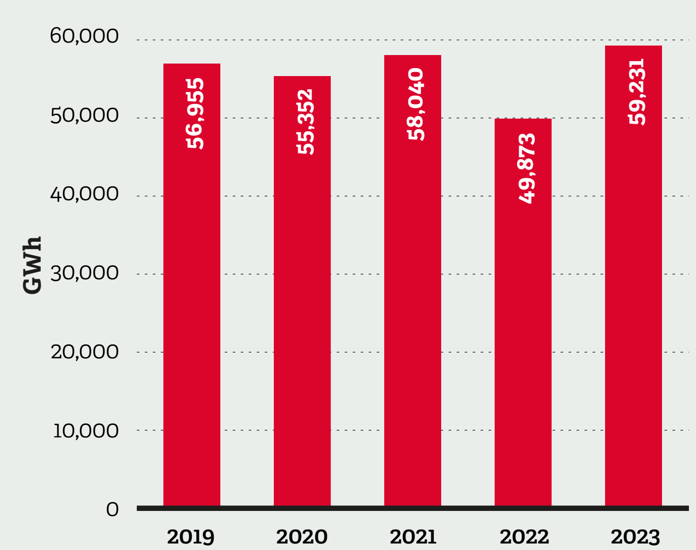
In 2023, we made almost £400 million of commitments in infrastructure. And over the year, infrastructure businesses already in our portfolio continued to create impact. Our energy investments produced more than 59 terawatt hours (TWh) of energy, which is equivalent to 18 per cent of the total electricity generated in the UK in 2022. This rise is due to increased production in existing assets and new power assets becoming operational, as well as greater data coverage.

Meanwhile in Nepal, the hydropower development, Upper Trishuli-1, which we've supported since 2019, laid its foundation stone – a key moment in the project. Once the plant is complete, it is expected to increase the country's installed power capacity by 10 per cent. It will provide a large proportion of its annual output during the dry season, when it's most needed, reduce reliance on imports and improve energy security. At the same time, the project will contribute to reducing greenhouse gas emissions.

Virunga Energy continues to work as the beating heart of the North Kivu province in the Democratic Republic of Congo. The company operates hydropower plants, as well as electricity transmission and distribution networks, serving communities in and around Virunga National Park, including the city of Goma. The electricity network provides vital services for the people of the province, and is a lifeline in this fragile region beset by militia violence.

Beyond energy, we also invest in other forms of infrastructure. For example, our partnership with DP World is accelerating Africa's long-term trade potential. In Somaliland, DP World kicked off the development of a new edible-oil terminal at the Port of Berbera, set to reduce supply chain costs and help improve food supply in the region. Another significant milestone was the opening of Berbera Economic Zone in the port. By 2035, this expansion is expected to facilitate trade equivalent to approximately 27 per cent of Somaliland's GDP and 75 per cent of regional trade. It is also expected to improve the quality of life and livelihoods for over a million Somalilanders, increasing the availability and affordability of goods, and indirectly supporting over 53,000 jobs locally.

Electricity generated




Virunga Energy, Democratic Republic of Congo

**£396.7m**
**of our commitments in 2023 were in infrastructure**

**59 TWh**
**of electricity generated by our portfolio in 2023 – equivalent to 18 per cent of total electricity generated in the UK in 2022**

## **Building modern infrastructure** continued

# 9 million

**people over the next seven years expected to have access to electricity in Burundi**

## Strengthening electricity networks across Africa

**Investment name:** Gridworks Development Partners LLP
**Region/country:** Pan-Africa
**Investment type:** Catalyst Portfolio

There is a huge need for funding Africa's electricity networks. It is critical to economic development and clean energy access in Africa, where grid power still represents the best-quality, lowest-cost solution for businesses and local communities.

When we established Gridworks in 2019, we wanted it to be a platform dedicated to developing and investing in electricity networks to support economic, social and sustainable development in Africa. Today, Gridworks is fulfilling that promise. In 2023, the platform announced a new transmission project in Tanzania that will increase the reliability of the grid, support the integration of renewables, connect demand centres and ensure grid-quality power can reach people who previously didn't have access.

In Burundi, the launch of a new Gridworks-backed electricity distribution company, Weza Power, will bring grid power to almost 70 per cent of the country's population. Aiming to connect nine million people over the next seven years, the company will provide electricity in a country which has one of Africa's lowest electrification rates – only 12 per cent have access to electricity, with that number falling to 2 per cent in rural areas.

# Strengthening financial services

**One vital foundation of a thriving economy is a financial sector that meets the needs of the people and businesses it serves. We support financial services across the countries where we invest, in several ways.**

One way we help banks support local businesses and economies is by backing new trade finance facilities. Trade finance is critical to job creation and economic growth. It increases trade between businesses, helping improve access to critical goods and services such as food, medicine and agricultural fertiliser. Ultimately, it alleviates poverty. Today our trade finance programme has reached $1 billion, and we expect these commitments to support a total value of $3 billion in trade every year.

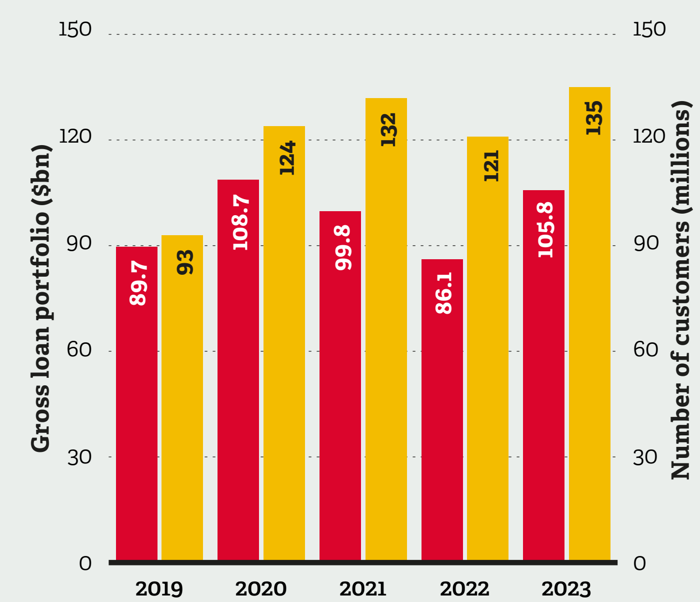
In 2023, our trade finance support included a new partnership with Access Bank in Nigeria. This will strengthen import and export capabilities among local businesses, and help plug the foreign currency supply gap across some of the most fragile economies in Africa. It will also ensure the availability of key commodities and critical inputs for manufacturing, medicine, construction, food production and agriculture.

We've also sharpened our focus on strengthening financial services in countries most in need of our support. In Ethiopia, our commitment to Dashen Bank is providing much-needed capital for the expansion of growing businesses. The facility enables Dashen to provide US dollar denominated loans to cover the costs of importing machinery, which helps farmers increase productivity in areas such as harvesting and boosts export earnings. It will also create significant economic potential, contributing to more financially inclusive growth, in a country where only 45 per cent of the population has access to bank accounts. You can read more about our investment on page 29.

Another key part of our approach is providing access to finance for disadvantaged groups, including women. We've stepped up efforts to target our portfolio towards women – not just as customers, but as employees and leaders too. We are working with banks to increase their internal diversity while also encouraging them to target and lend to women more actively. This includes FirstBank in Nigeria, which you can read about on the next page. In 2023, we backed Sitara, an affordable-housing finance company in India, which helps female customers own properties by making them the primary applicants in the loan process. It provides access to finance for house construction, extension, purchase and renovations, improving the physical safety, living conditions, financial resilience and overall quality of life for these households.

Businesses in our portfolio continue to contribute to capital market development in Africa and South Asia. For example, in 2023, Utkarsh Small Finance Bank successfully listed on the National Stock Exchange of India and BSE (formerly Bombay Stock Exchange). This will support the bank's growth ambitions, in providing financial services to low-income populations and micro, small and medium-sized businesses across 22 states in India. We first invested in the business in 2014, and we're proud to have supported its growth trajectory from a small microfinance institution to a commercially viable small-finance bank, which has now reached a significant milestone.

## Loans and advances to customers



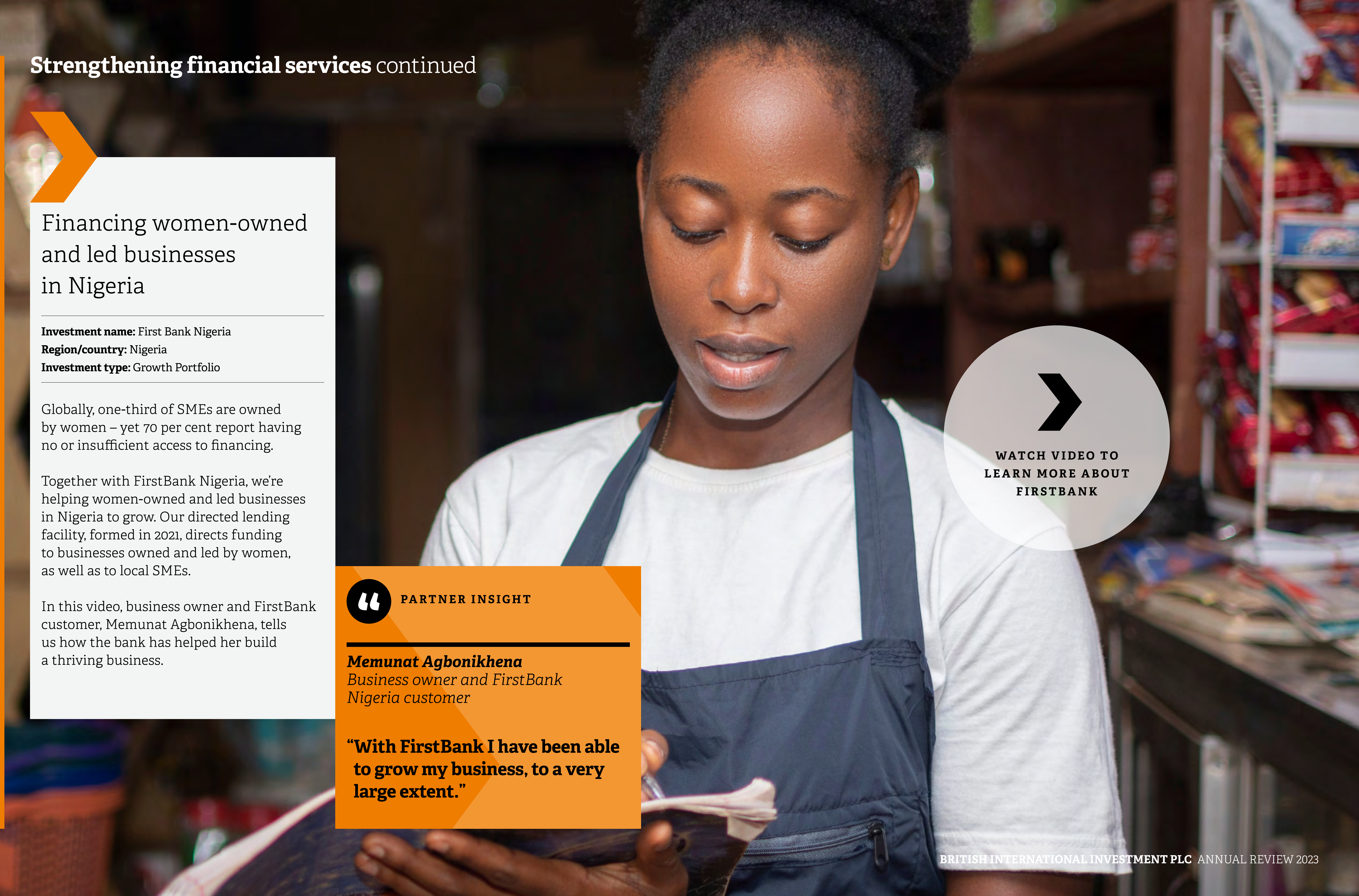

Key
- Gross loan portfolio ($bn)
- Customers reached (millions)

**135 million**

**customers reached by our financial services portfolio in 2023**

In 2023, the gross loan portfolio of our financial sector investments, converted to US dollars, stood at $105.8 billion. This was higher than in 2022, owing to new investments and to the increase in customer numbers for existing investments, which reached 135 million in 2023.

## **Strengthening financial services** continued



# Financing women-owned and led businesses in Nigeria

**Investment name:** First Bank Nigeria
**Region/country:** Nigeria
**Investment type:** Growth Portfolio

Globally, one-third of SMEs are owned by women – yet 70 per cent report having no or insufficient access to financing.

Together with FirstBank Nigeria, we're helping women-owned and led businesses in Nigeria to grow. Our directed lending facility, formed in 2021, directs funding to businesses owned and led by women, as well as to local SMEs.

In this video, business owner and FirstBank customer, Memunat Agbonikhena, tells us how the bank has helped her build a thriving business.

WATCH VIDEO TO LEARN MORE ABOUT FIRSTBANK

PARTNER INSIGHT

***Memunat Agbonikhena***
*Business owner and FirstBank Nigeria customer*

**"With FirstBank I have been able to grow my business, to a very large extent."**

# Supporting inclusive growth

**We promote equality and invest to achieve economic opportunities for all.**

**We do this in several ways: by investing to support low-income populations; by strengthening investment in fragile and low-income countries; and by supporting gender equality and diversity in businesses.**



## Improving economic opportunities for all

**We prioritise our investments to create better job opportunities and improve livelihoods for people living in poverty. We aim to supply goods and services that meet their needs. When evaluating investments, we take into account the proportion of workers, suppliers and customers who live below the latest World Bank poverty line of $6.85 per day purchasing-power-parity.**

Our investments reach large numbers of people living on low incomes by supplying them with basic goods and services, such as electricity and financial services, as well as improving livelihoods through direct employment or buying their products.

One of the largest and fastest-growing groups we reach is farmers, most of whom are smallholders in rural areas. This year, we are again reporting an increase in the number of farmers our portfolio has reached. The food and agriculture investments in our portfolio reached around 13 million farmers in 2023 – these include suppliers of crops, livestock and timber, and customers for inputs such as feedstock and seeds.

The largest proportion of the increase is through our investments in agri-tech companies that are able to scale quickly and reach many more farmers than traditional business models. The increase has come from both new investments and companies that are reporting data to us for the first time. The services these agri-tech companies provide are improving farmers' lives in several ways: connecting them to buyers; providing information, such as the latest market pricing or weather events, that helps them increase their incomes; and enabling access to better farming methods and products to help increase yields. Turn to page 39 to read about Fasal, an innovative agri-tech business we invested in this year.

We've also supported agricultural commodities businesses, including AFEX in Nigeria, Kenya and Uganda (read more on page 25), and Valency International. Our investment in Valency will fund the expansion of its processing and warehouse infrastructure in Nigeria, a country where agriculture accounts for a quarter of total GDP, and employs more than one in three Nigerians. It will also help the company strengthen partnerships with local farmers; the projects are expected to reach at least an extra 60,000 farmers and create up to 2,800 jobs among low-income communities in Nigeria.

Businesses in our portfolio continue to create an impact on people in many regions. South Africa, for example, is facing a major shortage of housing, which is mainly affecting low- and middle-income households, who predominately live in informal, congested and low-quality housing on the outskirts of the country's cities. Helping to address this housing shortage, Divercity Urban Property Group provides quality, low-cost and environmentally sustainable housing in well-located but underinvested neighbourhoods in major cities. We made our first investment in Divercity in 2021, and since then, the group has completed nearly 2,700 residential homes and operates more than 6,500 homes. Our follow-on investment in 2023, alongside funding from other impact investors, will enable a further 2,500 units to be built by 2027.

# **Improving economic opportunities for all** continued

## Improving working conditions in the garment industry

**Investment name:** Jinnat Textile Mills, a DBL Group company
**Region/country:** Bangladesh
**Investment type:** Growth Portfolio

Bangladesh is one of the world's largest ready-made garment manufacturers and exporters, with the sector accounting for over 80 per cent of the country's exports and employing millions of low-skilled workers, the majority of whom are women.

We provided a £43 million loan to DBL Group, one of the largest manufacturers of knitted garments in Bangladesh. This helped them establish Jinnat Textile Mills Ltd, which is creating jobs, improving working standards for women and promoting green building practices within the sector.

Since opening in November 2023, Jinnat Textile has created almost 800 low- and semi-skilled jobs, with more expected. Our partnership with DBL is also helping to improve working conditions and benefits for women, such as paid maternity benefits, nursery facilities, and 'light duty' work options when pregnant.

Jinnat Textile is equipped with state-of-the-art facilities in a highly efficient building. The business aims to achieve green building certification, contributing to the sustainable development of Bangladesh's economy.

## Improving economic opportunities for all continued

### Enhancing agricultural productivity to benefit farmers

**Investment name:** AFEX
**Region/country:** Nigeria, Kenya and Uganda
**Investment type:** Catalyst Portfolio

Agriculture drives growth in Africa, accounting for a quarter of the GDP in countries such as Nigeria, Kenya and Uganda. The sector employs about 70 per cent of the population in these countries, 80 per cent of whom are smallholder and subsistence farmers, who are currently facing challenges including limited market access and poor reliability of sales from crop harvests.

To support structural improvements in Africa's agricultural industry that will benefit farmers, we invested £21.8 million in AFEX, a leading commodities platform that currently operates over 200 warehouses in Nigeria, Kenya and Uganda and serves over 450,000 farmers.

Our investment will help build 20 modern warehouses in strategic locations in the three countries, providing an additional 230,000 metric tonnes (MT) of storage capacity. This will enable up to 200,000 more farmers to access low-cost storage and maximise sales from crop harvests, potentially helping increase their incomes by more than 200 per cent. Our capital will also be used to develop a soybean-processing plant in Nigeria and a drying facility in Uganda. The construction of the storage and soybean-processing facilities will create over 700 temporary jobs and more than 80 permanent roles.

Overall, as food insecurity continues to worsen in Africa, our partnership with AFEX will help farmers not only boost their income, but also produce higher-quality crops and increase local food production.

**13m**
**farmers reached by our investments in 2023**

# Promoting gender equality and diversity

**Investing in women is good business. As part of our efforts to increase inclusive development, we're proud to be a leader in gender-smart investing.**

We recognise the barriers women in our markets face, and we're committed to using our role as an investor to help close the gaps between men and women – as well as demonstrate to the wider investment industry the social and economic value of investing in women. This is why we look for opportunities to advance gender equality in everything we do.

Our approach to gender-smart investing focuses on four areas. First, we invest in companies where women are already meaningfully represented as leaders, employees and customers, and which have gender-inclusive workplace cultures, policies and practices. This includes businesses such as TradeDepot, which helps women-owned microbusinesses in Nigeria access the goods they need to thrive (see page 47).

Second, we structure our investments to maximise impact for women. One way we do this is through 'directed lending', where the capital we provide to financial institutions is earmarked for female customers. In 2023, this included backing Cofina, one of the first African financial institutions dedicated to the 'missing middle' between microfinance and traditional banking. Cofina supports entrepreneurs and MSMEs whose financing needs have become too great for microfinance institutions, yet not structured enough for traditional banks. Our loan will enable the institution to provide additional loans to MSMEs in Côte d'Ivoire, with at least 30 per cent directed towards women-owned or led businesses. On page 22, you can read about how our directed lending to FirstBank Nigeria is supporting female entrepreneurs in growing their businesses.

Third, we work with companies to implement gender-focused initiatives, such as improving female representation and inclusion in the workforce, or tailoring products to respond to women's preferences and needs. We've worked with Insitor Partners – a woman-led fund manager dedicated to improving accessibility and affordability of basic goods and services for low-income communities across South and South-East Asia – to strengthen its approach to investing in women. We've invested in Insitor since 2015 and helped it integrate explicit investment strategies to support gender equality. We've also helped its portfolio companies implement gender-diversity initiatives. As a result, one of its portfolio companies – CreditPer, a fintech company in Pakistan where only 7 per cent of the female population have access to formal banking – plans to extend loans to approximately 50,000 women between 2022 and 2024.

As well as one-on-one targeted projects with businesses in our portfolio, we provide training programmes open to all the businesses we invest in. In 2023, we held training on gender-smart investing for our fund managers in India, South Africa and Egypt. This provides an introduction to the principles of gender-smart investing and the business case for it, along with practical steps for investors to build gender into their pre-investment decision-making and post-investment impact.

Sun King, pan-Africa

# **Promoting gender equality and diversity** continued


Advans, Africa and South Asia

We also launched a new training programme on gender-based violence and harassment. Over the year, we trained 140 people in areas including implementing a survivor-centric approach and understanding national and international frameworks. More than half of participants told us they're planning to implement knowledge from the training in the next six months.

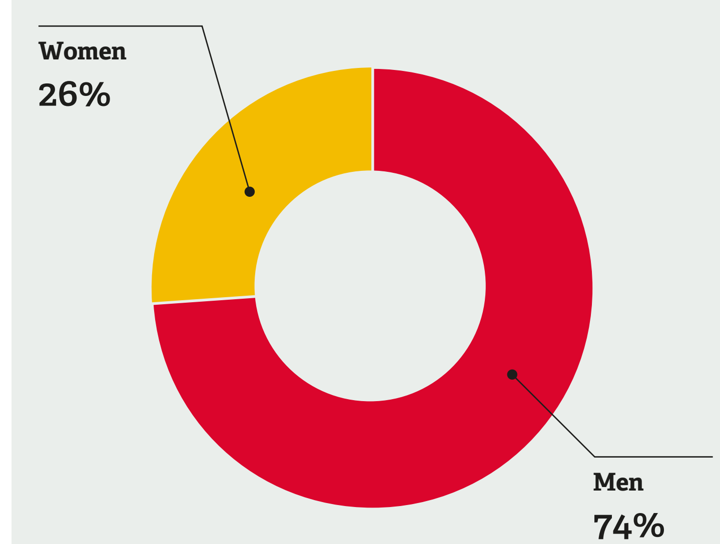
We support our investees in recruiting, retaining and progressing women employees within their workforces. We know this kind of transformation doesn't happen overnight, but by taking steps to foster more-inclusive business cultures, we aim to promote increased women's workforce representation and inclusion within our markets over time.

Fourth, we're championing the growth of the gender-lens investing industry. We're a proud founder of the 2X Challenge, which has evolved from a mobilisation target into an industry body – 2X Global – with over 150 members applying a gender lens to their investments. With representation on the Board of 2X Global, we use our position to help encourage best practice and improve standards. In 2023, this included helping 2X Global to update the 2X Reference Guide, ensuring rigour and intentionality in all 2X qualifications.

In our 2022 – 26 strategy, we set out our ambition that 25 per cent of our commitments over the five-year period will qualify under the 2X Challenge, the initiative to boost financing for women. Across the first two years of our strategy, 38 per cent of our commitments are 2X qualified. In 2023, we made £297 million of gender-smart investments, equivalent to 25 per cent of our commitments.

We are also continuing to make progress on our commitment to increase the representation of businesses owned and led by black Africans in our sub-Saharan Africa portfolio. In 2023, an increased in-market presence enabled us to originate new investment opportunities locally. This included backing businesses such as AFEX, which is supporting and increasing agricultural productivity across Africa (see page 25), and Growth Investment Partners Ghana, a new investment company led by Ghanaians for Ghanaians (see page 55). We also trained many of our fund managers to apply a similar lens to their investment strategies and portfolio construction.

### Gender breakdown of jobs in our portfolio



# **Promoting gender equality and diversity** continued

## Increasing economic opportunities for women

**Investment name:** Aavas Financiers Ltd
**Region/country:** India
**Investment type:** Growth Portfolio

Home ownership for women in India is low, at only 9 per cent, and this is partially due to lack of access to finance. Aavas is an affordable-housing finance company, helping to improve access to home loans for people, especially women, working in the informal sector. It provides financing mainly to low- and middle-income customers in semi-urban and rural areas in India.

In 2022, we invested the equivalent of £35.8 million in Aavas' first social bond programme, to enable the company to expand access to credit for women, providing them with the capital needed to buy their own property. Since our investment, Aavas has helped 17,000 women buy property (as of December 2023).

This investment highlights our gender-smart investing strategy in action. It is providing economic opportunities for women, helping to boost their social empowerment, and promoting higher standards of living for the families and communities of lower-income borrowers, especially in rural and semi-urban areas of India.

# Supporting countries most in need

**While many countries in Africa and Asia face the challenges of low income, fragility, or both, we prioritise investments in the more-vulnerable and fragile countries. These are places where private sector investment remains scarce and it is hard to do business. From experience, we know that investing through regional companies and platforms, or specialist intermediaries, is an effective way to invest in fragile countries. One example is Gridworks, which is developing vital electricity infrastructure in countries such as Burundi (see page 20).**

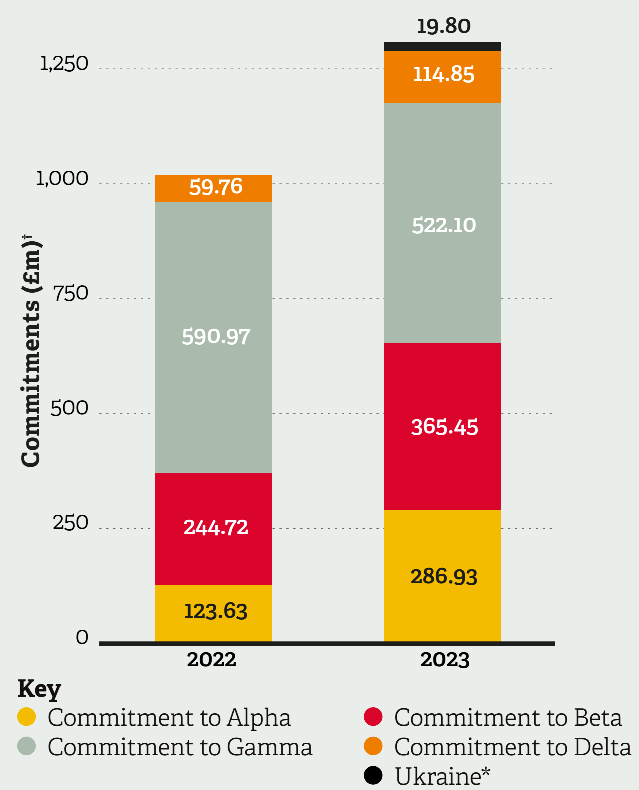
In 2023, we made £652 million of commitments to the poorer and most fragile countries across the regions where we invest. This included a commitment to Dashen Bank, one of Ethiopia's largest private sector banks. Our investment, alongside Dutch development bank, FMO, marked the first long-term foreign commitment to Ethiopia's financial sector, and will provide access to much-needed foreign exchange within the country.

The investment will enable Dashen to provide loans to agricultural businesses, which will help to boost a sector that employs 80 per cent of the population and contributes 39 per cent to its GDP. It will also help catalyse the market by building confidence among international and domestic investors to mobilise more private capital into the country. We know that building resilient businesses with strong governance practices is essential to long-term growth and economic development, so we're also working with Dashen to enhance governance and business integrity standards.

We've also continued to develop the Africa Resilience Investment Accelerator (ARIA). Funded by BII Plus, ARIA unlocks investment opportunities in frontier economies in Africa by improving both a country's readiness to benefit from DFI investment and DFIs' abilities to invest in these economies. ARIA is helping to build a pipeline of investments for DFIs. In 2023, ARIA's coverage expanded to include Benin, the Democratic Republic of Congo and Ethiopia.

### Commitments to countries most in need

We rank all the countries we invest in from 'Alpha' to 'Delta' according to their GDP per capita, fragility measures and poverty gap. Alpha is the most in need and Delta the least.




* We will allocate up to £250 million to support reconstruction in Ukraine. Read full announcement on our website

† An average foreign exchange rate has been used to convert $ commitments to £.

## Supporting local supply chains in Mali and Liberia

**Investment name:** Ancile Trade Access Program Sub-Fund
**Region/country:** Pan-Africa
**Investment type:** Catalyst Portfolio

Small traders are vital to any supply chain. They are the cornerstone for a thriving private sector and development in any economy, yet are often excluded from accessing formal trade finance products. Boosting trade finance is critical to enable small businesses to sustain economic opportunities and access to goods and services for their customers, suppliers and employees.

The Trade Access platform, which we launched with INOKS Capital in 2022, is an innovative financing programme that is enabling SMEs and trade intermediaries in Africa to access much-needed working capital. Since 2022, the platform has supported transactions totalling $65 million, including 290 loans to SMEs, often enabling trade finance in some of the most fragile countries where we invest, including Mali, Liberia and Togo. Through this first-of-its-kind platform, we are able to reach much smaller borrowers who are active members of local supply chains: the platform's average loan size is $224,000 and the smallest transaction has been just €94.15.

The platform is also supporting women-owned and led SMEs while backing climate-positive trade, which will help boost productivity across vital local value chains, increase food security and accelerate sustainable and inclusive economic growth. The platform is helping to bridge Africa's $81 billion trade gap and ensure long-term economic prosperity for people across the continent.

Climate change is the biggest global development challenge we will face in the coming decades.

We are helping to reduce greenhouse gas emissions, transform economies to be cleaner and greener, protect the environment and increase climate resilience.

# Impact on the planet

# Investing for clean growth

**We will not achieve our mission to solve the biggest global development challenges unless we play our part to tackle the climate crisis.**

Three years into our climate strategy, our portfolio of investments covers a breadth of sectors and solutions. Importantly, we're at the forefront of investing in innovative and far-sighted solutions to combat the climate emergency.

We are exploring and making exciting new investments in initiatives ranging from ground-breaking renewable energy – such as green hydrogen and related battery storage – to state-of-the-art resilient water infrastructure. And our investments extend far beyond infrastructure, supporting the transformation of economies with innovations such as electric vehicles, circular economy solutions, new technology to help farmers adapt to a changing climate, and an ambitious commitment to back sustainable forestry across Africa.

Alongside increasing our provision of climate finance, we are also working across our portfolio to help businesses reduce emissions and improve their resilience, to align with the Paris Agreement.

**£448.6m**
**climate finance commitments in 2023**

Benban Solar Park, Egypt

# Investing for clean growth continued

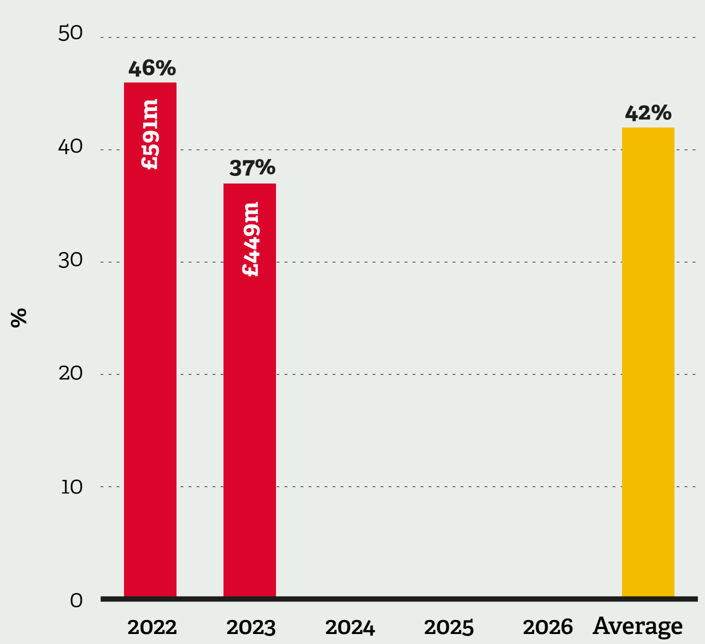
Our focus on climate is reflected in our increasing investment in climate finance. At COP28, we were able to announce that we have invested more than $1 billion in climate finance since COP26 and nearly $3 billion since 2017.

In 2023, we committed £448.6 million to climate finance – approximately 37 per cent of our total commitments (see chart below). This is comfortably ahead of our target to make 30 per cent of our investments in climate finance over the current five-year strategy period.

At the same time, climate-finance-qualifying assets now make up an increasing proportion of our overall portfolio – now making up 23.6 per cent of our portfolio, compared with just 15.4 per cent in 2020 (see charts below).

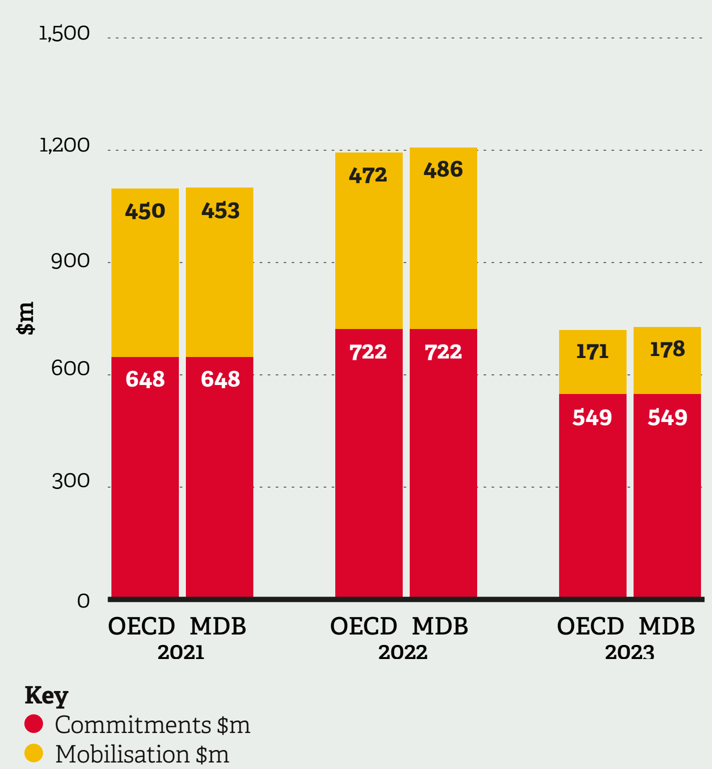
These metrics are just one aspect of our climate-related reporting. Our report against the UK Government's Climate-related Financial Disclosure regulations sets out our strategy, governance, risk management and metrics to assess and manage climate-related risks and opportunities. Other metrics we report include the greenhouse gas emissions of our investment portfolio, and emissions avoided through our investments.

## Annual climate finance commitments

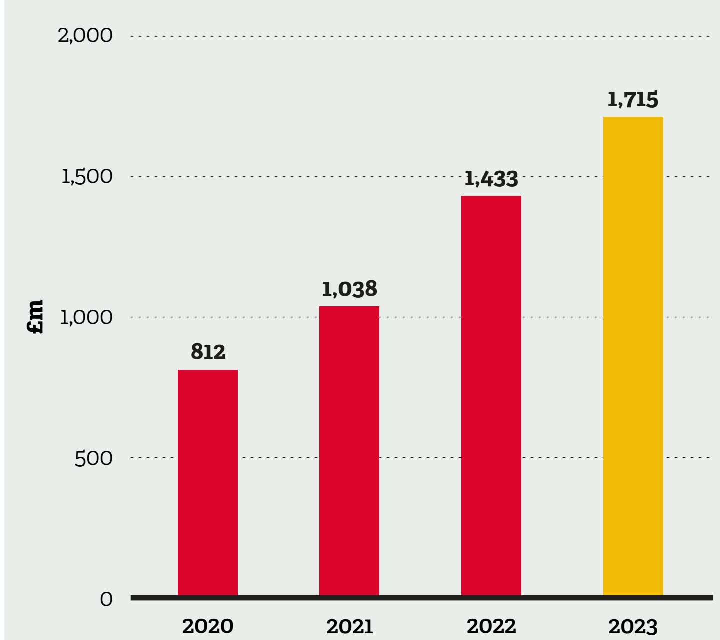



* This chart shows our climate finance commitments over the duration of our current five-year strategy period.

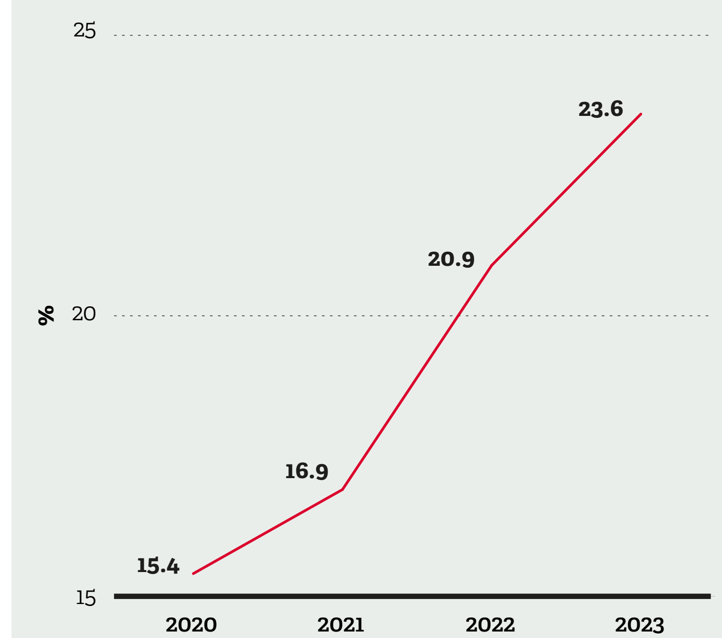
## Climate finance mobilised




## Climate finance assets in our portfolio (£m)




## Climate finance assets in our portfolio (% by value)



## **Investing for clean growth** continued

**79%**
**of businesses are affected by climate change today**

**59%**
**of businesses have experienced an extreme weather event**

**65%**
**of businesses have adapted their business strategy in response to climate change**

**61%**
**think climate change will affect the viability and growth of their business in the next five years**

### The 2023 Emerging Economies Climate Report

Our third annual Emerging Economies Climate Report, funded by BII Plus, highlighted the extent of the impact of the climate emergency that is already being felt by businesses in the markets where we invest. The report presented findings from a survey of companies and funds in our portfolio. It underscored the accelerating pace of climate change, with businesses surveyed often stating they felt ill-equipped to rise to the challenge.

This is why we have a suite of tools and technical assistance packages, as well as capital, to help businesses respond and adapt to climate risks and opportunities.

Read the full report here

# Investing for a net-zero world

**As demand for energy in emerging economies continues to grow, so does the requirement for us to back sustainable forms of power generation and decarbonisation in the wider economy.**

Investing for a net-zero world is a key pillar of our climate strategy and central to our commitment to play our part in limiting global temperature rises to 1.5C°.

Investment in renewable energy is the cornerstone of this focus. We continue to back firms that are supporting a transition to clean, green and affordable energy in our markets. We are committed to backing solar, wind, geothermal and hydro power, and we are increasingly exploring opportunities to invest in associated battery capacity.

Large-scale infrastructure projects sometimes take years to reach the point where they start generating electricity. But once complete, they provide clean power for people's homes and businesses, supporting economic development for decades.

Our renewable investments already form a sizeable portion of the total power generated and distributed by our portfolio. In 2023, 42 per cent of power generated by our investees was from renewable sources, such as solar, wind and hydro. We expect this number to increase as further projects come onstream.

## A landmark commitment to South-East Asia

**Investment name:** SUSI Asia Energy Transition Fund
**Region/country:** Indonesia, Philippines, Vietnam
**Investment type:** Growth Portfolio

The £12.5 million investment in SUSI Asia Energy Transition Fund, a South-East Asia-focused energy transition infrastructure fund, was a symbolic milestone for us. It was the first investment made in South-East Asia under our current five-year strategy and a signal of our commitment to addressing the challenges of the climate emergency in the region. We expect to provide up to £500 million of climate finance in South-East Asia over the coming years.

The fund targets infrastructure investments across the energy transition spectrum – including renewable energy, energy efficiency, and energy storage projects – and focuses on emerging economies in South-East Asia, such as Indonesia, Vietnam and the Philippines. It will contribute to achieving global climate-mitigation goals and aligning with the Paris Agreement. By financing clean energy solutions, the fund will help increase the supply of reliable and affordable electricity, including in areas that need it the most.

# Investing for a net-zero world continued

**988,000**

**tonnes of carbon dioxide equivalent emissions avoided in 2022**

Based on all direct renewable energy investments in our portfolio, in 2022 we avoided 988,000 tonnes of carbon dioxide equivalent emissions (on an attributed basis). This was a 52 per cent increase compared with 2021. The intensity of attributed emissions avoided also increased by 54 per cent in 2022, compared with the previous year. This trend is primarily due to growth in installed renewable capacity in our portfolio.

Several ongoing renewable energy projects within our portfolio reached key milestones in 2023. One example that began generating in 2023 was the Cuamba energy storage plant in Mozambique, owned by Globeleq, the power company of which we own 70 per cent. The plant is helping to meet the country's growing need for power supply by adding clean energy to the Northern grid. Generating nearly 40,000 megawatt hours (MWh) of power in its first year, it operates in a province of the country which has a poverty rate of 67 per cent and an electrification rate of 21 per cent.

Additionally, the plant's unique battery storage technology, which was in part funded by our technical assistance facility, BII Plus, will allow electricity generated during the day to be stored and used during the night. This will help meet evening peak demand and increase the efficiency and reliability of power supply in the region.

In South Africa, three new solar power plants started supplying electricity to the national grid. The Kenhardt project is one of the world's first and largest hybrid solar and battery storage facilities and is helping to bolster grid stability.

New clean energy investments in 2023 include an £8.5 million investment in Planet Solar, Sierra Leone's first large-scale solar independent power producer (see page 36). Currently only 23 per cent of the population in Sierra Leone have access to electricity. The project will increase the country's power supply by approximately 30 per cent, making a positive impact on economic growth, employment opportunities and living standards for the people of Sierra Leone.

Achieving net-zero emissions by 2050 requires businesses across all sectors to adopt green solutions that both fulfil their business needs and contribute to a sustainable future. This goes beyond the renewable energy sector. For example, in 2023, we invested in companies using innovative business models in the fight against climate change – such as Battery Smart, a company in India that provides a battery-swapping service for drivers of electric two- and three-wheel vehicles (see page 37).

South-East Asia is a region facing growing energy demand, with economies having almost doubled in size since 2000, as well as being heavily reliant on fossil fuels. So in 2022, we announced that we would make further climate finance investments in South-East Asia to support the region's green energy transition away from fossil fuels. In May 2023, we closed our first investment in the region – a £12.5 million commitment to the SUSI Asia Energy Transition Fund (see page 34). We also backed Circulate Capital Ocean Fund I-B (pictured below), which invests in circular economy solutions, particularly plastic-waste recycling, in South and South-East Asia. This includes investments that transform recycling and waste-management supply chains.

Businesses within our portfolio continued to contribute to climate change mitigation too. In India, Akshayakalpa Organic is supporting dairy farmers in switching to an organic model of farming. This is expected to decrease greenhouse gas emissions per litre of milk produced by the farmers, contributing to the sustainability of the dairy industry in India.

Another area of focus is working with our portfolio to reduce emissions and improve resilience, to align with the Paris Agreement and achieve net-zero emissions by 2050. In 2023, we piloted a technical assistance approach to helping businesses in our portfolio identify, assess and manage climate-related risks and opportunities.

Circulate Capital Ocean Fund, South-East Asia

# Investing for a net-zero world continued

## Improving energy access in Sierra Leone

**Investment name:** Planet Solar
**Region/country:** Sierra Leone
**Investment type:** Catalyst Portfolio

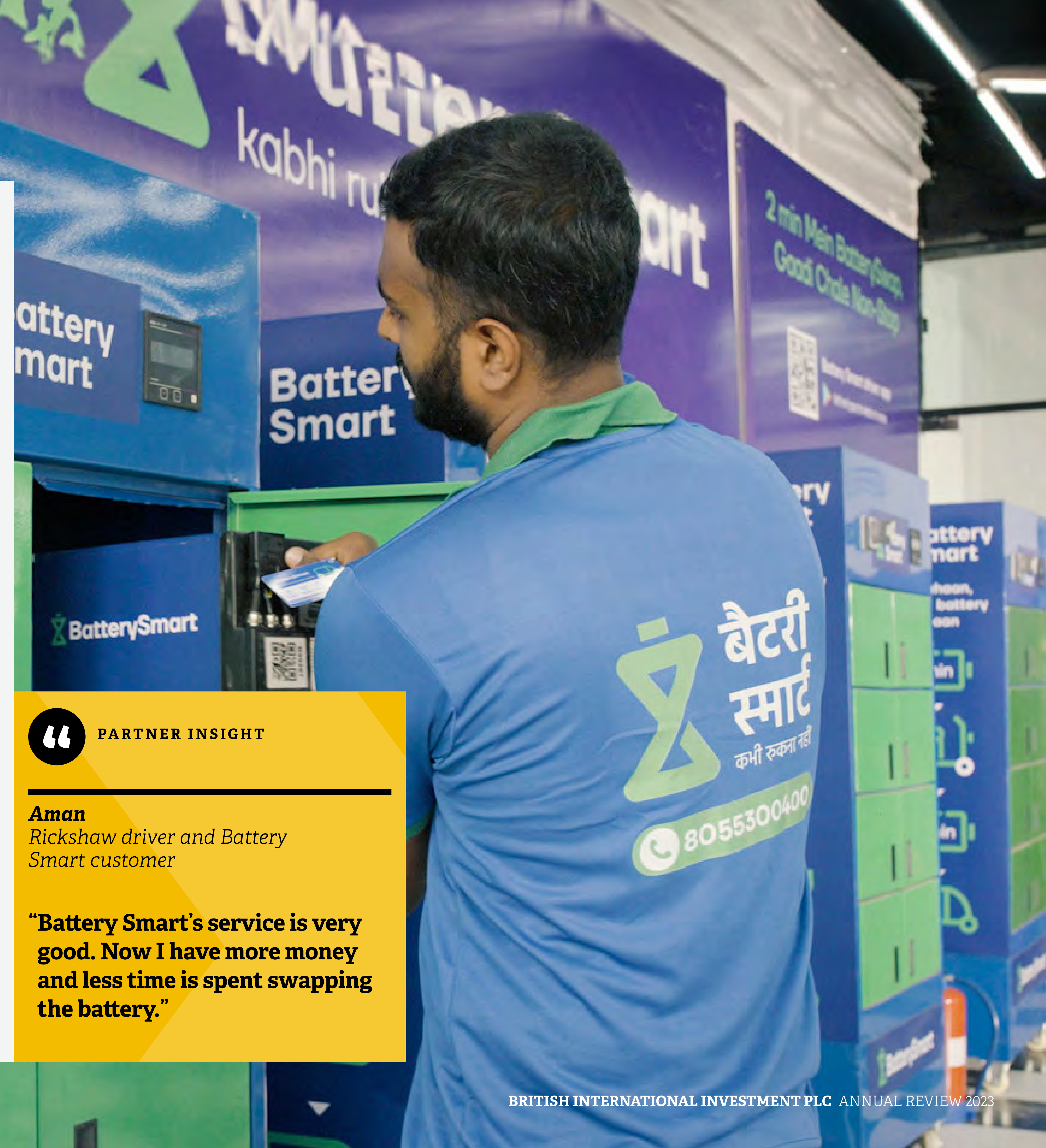
There is an urgent need for clean, affordable and stable power in Sierra Leone, where only 23 per cent of people have access to electricity. This is one of the lowest rates of electricity access in the world, and it is having a significant impact on health and education outcomes, as well as impeding job creation and poverty reduction.

Alongside renewables fund manager, Frontier Energy, and other DFIs, including FMO and Proparco, we invested over $52 million in Planet Solar, a greenfield 50 megawatt (MW) solar power project in Sierra Leone, which is expected to increase electricity supply by 30 per cent.

This will be Sierra Leone's first large-scale solar project to be connected to the grid. It will enable more power to flow to industries and communities in the capital city Freetown, the Western region, and four other areas throughout the country.

The investment will support the Government of Sierra Leone's ambitious plans to significantly increase energy access and reach 92 per cent of the population by 2030.

Sierra Leone is one of the priority countries of ARIA, an initiative funded by our technical assistance facility, BII Plus, which aims to unlock investment opportunities and mobilise commercial capital in frontier markets in Africa.




## Keeping drivers on the go for longer with green power

**Investment name:** Battery Smart
**Region/country:** India
**Investment type:** Catalyst Portfolio

India is the world's third-largest $CO_2$ emitter and home to 22 of the world's 30 most-polluted cities. Anyone who has spent time in Delhi, for example, will testify to the smog that can smother the city on hot summer days. We are helping to reduce this pollution through an investment in Battery Smart, a start-up that provides a battery-swapping service for drivers of electric two- and three-wheel vehicles.

The adoption of electric rickshaws and scooters has been hindered by the higher prices of such vehicles compared with diesel alternatives. And commercial drivers have been reluctant to sacrifice time on the road to wait for batteries to charge once depleted. But Battery Smart enables drivers to simply swap a depleted battery for a fresh one without any wait. This means they can be on the road for longer, and maximise their earning potential without having to invest in their own batteries, as well as significantly reduce their up front investment in new vehicles.

We joined other investors in Battery Smart's funding round, which raised $33 million. With the investment, Battery Smart plans to expand across India and support the country's progress towards achieving net-zero emissions.

We created an ESG Action Plan for Battery Smart to manage ESG risks as they grow. Since then, they've enhanced their ESG approach, including by developing a thorough supply chain management plan and introducing a grievance mechanism for ESG-related issues. This will ensure a more responsible supply chain and bolster business resilience, supporting their growth goals.

**PARTNER INSIGHT**

***Aman***
*Rickshaw driver and Battery Smart customer*

**"Battery Smart's service is very good. Now I have more money and less time is spent swapping the battery."**

# Leaving no-one behind in the shift to a green economy

**As a DFI, we have to ensure we respond to acute development need as well as providing capital to meet the challenge of the climate emergency.**

We invest for clean and inclusive growth, and at the same time champion a just transition to a low-carbon and resilient economy that supports workers' rights, gender equality and communities. We aim to help companies and communities reap the opportunities of the new green economy by supporting job creation and skills development.

Each country we invest in will have a unique pathway to reaching net zero. This means we have to support a wide range of solutions.

Within our climate finance portfolio, 75,061 full-time equivalent workers are employed by climate finance investees. This includes businesses such as the African Forestry Impact Platform, which you can read about on page 40.

In India, we're supporting the development of the green economy through the clean energy sector – examples include Ayana Renewable Power, a renewable energy platform we launched in 2018 – alongside more recent investments in agriculture, such as organic milk brand Akshayakalpa. Through our technical assistance facility, BII Plus, we have worked with Ayana to enable the just transition by supporting skills development for rural youth in Andhra Pradesh and Rajasthan.

In February 2023, we published a report entitled **Mobilising investment for a just transition to net zero in India**. This includes results of the second phase of the India Just Transition Finance Roadmap project – a partnership between Environmental Management Centre Pvt Ltd, the Grantham Research Institute on Climate Change and the Environment at the London School of Economics and BII. The report sets out ten recommendations for action to mobilise private investment for a just transition in India, with a special focus on the opportunities of green jobs and skills.

**75,000**

**green jobs supported by our climate finance portfolio**

Akshayakalpa, India

# Strengthening adaptation and resilience

**The climate emergency is having a devastating impact on emerging economies. Without decisive action, this will only become more severe as global temperatures rise. So it is essential to help countries adapt and become more resilient to the consequences of the climate crisis, which are being felt today and are projected to worsen.**

The UN estimates that the total cost of adaptation and resilience will hit $330 billion every year by 2030, making private sector investment an absolutely vital part of the wider solution. We invest in companies across all sectors – from agriculture to infrastructure – to strengthen resilience to the climate emergency.

As well as our own investments in this area, we are also working with partners – for example, we are a founder of the Adaptation and Resilience Investors Collaborative, set up to increase investment in private adaptation and resilience solutions. The Collaborative is a group of DFIs working together to build know-how and tools to scale up investment in climate adaptation and resilience and measure its impact. In 2023, we finalised our funding agreement with the United Nations Environment Programme Finance Initiative as the Secretariat of the Collaborative.

Also in 2023, we published a framework to identify and address barriers to unlocking private investment into climate-resilient water systems.

Find the full report here

## Technology bearing fruit with Fasal

**Investment name:** Fasal (Wolkus Technology Solutions Pvt Ltd)
**Region/country:** India
**Investment type:** Catalyst Portfolio

We are committed to investing in tech-based start-ups that can help win the fight against the climate emergency. Once such business is Indian firm, Fasal. The company has an 'intelligence platform' app that helps farmers predict weather patterns, optimise the use of valuable resources such as fertiliser and water, and secure the best prices for their crops.

Since its launch in 2018, Fasal has worked with horticulture farmers spanning more than 75,000 acres across India and South-East Asia, who grow crops such as grapes, pomegranates, bananas, apples, chillies and cardamom.

Overall, with the help of Fasal's technology, farmers have reduced irrigation-water consumption by 82.8 billion litres, cut pesticides by 127 tonnes, curbed greenhouse gas emissions by 55,000 MT and increased their yields and quality by up to 30 per cent.

Fasal has also found new markets for its smallholder farmer clients by connecting them directly to consumers in 12 of the largest Indian cities.

# Strengthening adaptation and resilience continued

## BII backs an Earthshot winner

**Investment name:** S4S Technologies
**Region/country:** India
**Investment type:** Growth Portfolio

We are incredibly proud to be an investor, through Chiratae Ventures, in S4S Technologies, a winner of last year's prestigious Earthshot Prize. The prize recognises organisations whose environmental solutions have the greatest potential to contribute to a better future for the planet.

Much of India's rural population relies on smallholder farming for its income and livelihood. But every year, about 30 per cent of agricultural produce is wasted before it leaves the farms. This is because bumper crops and price fluctuations often force farmers to leave unsellable crops rotting in the fields.

These wasted crops squander the precious energy and water used to grow them, and demand additional resources for their disposal. They also cause income losses for small farmers, which can deepen rural poverty and exacerbate inequality.

S4S Technologies helps to solve this issue. It provides rural communities with solar-powered dryers, enabling smallholder farmers to prepare their crops on site, rather than using more-expensive methods of food preservation.

With a focus on supporting female farmers, S4S also helps its entrepreneurs turn preserved waste into produce and sell valuable food products, such as ketchup. S4S creates a market, connecting commercial buyers to these products and returning most of the profits to the farmers who made them.

Green Resources, Tanzania (African Forestry Impact Platform)

## Supporting nature through our investments

The loss of biodiversity has a negative impact on economies and people's livelihoods. More than 70 per cent of people living in poverty around the world depend directly on the natural environment, its biodiversity and natural resources. And $58 trillion, over half of the world's GDP, is moderately or highly dependent on nature.

Through our investments, we can have a positive impact on nature and biodiversity, as well as providing financial returns, inclusion and climate impact.

The African Forestry Impact Platform (AFIP) is one example. We made a £67.1 million commitment to the platform, through our Catalyst Portfolio, alongside two other DFIs, Finnfund and Norfund. AFIP will protect and restore natural resources while creating economic opportunities for mostly rural and low-income populations. In the long term, the platform aims to help build a sustainable forestry asset class by developing a track record and attracting further investment.

# 40%

**Through our investment, solar irrigation products will cost up to 40% less for farmers**

# 9,000

**We expect to reach 9,000 farmers through our investment in SunCulture**

## Solar investment provides sunny future for farmers

**Investment name:** SunCulture
**Region/country:** Kenya
**Investment type:** Kinetic Portfolio

Smallholder farmers face daily challenges as a result of climate change, including a lack of reliable access to water. Many have to rely on fossil fuel-powered water pumps, as adopting climate-smart technology, such as solar-powered water pumps, involves high up front costs.

In 2023, we committed £1.7 million to SunCulture, a Kenya-based company that provides solar-powered irrigation systems to smallholder farmers. The company's off-grid solar technology provides its customers with reliable access to water, irrigation, lighting and mobile charging from a single system.

Our investment will enable SunCulture to improve the affordability of its water pumps by pre-financing the carbon credits that would be generated from its use by smallholder farmers. Through this pilot, we expect to reach 9,000 smallholder farmers, who will experience a 25–40 per cent reduction in the up front cost of solar irrigation products. Once able to afford this technology, the farmers will increase their land's productivity and thereby support food security in Kenya. They can boost crop yields by 300 per cent and reduce water usage by 80 per cent with a simple push of a button. And it costs the equivalent of a little over $20 a month.

# Going deeper on impact

# Impact on the local economy

**We invest to improve economic opportunities for people. This includes helping create more and better jobs, which provides greater security for individuals and families.**

**Our investments also aim to build a thriving private sector that can generate the tax receipts governments need to build infrastructure and provide public services.**

## Impact on the local economy through jobs

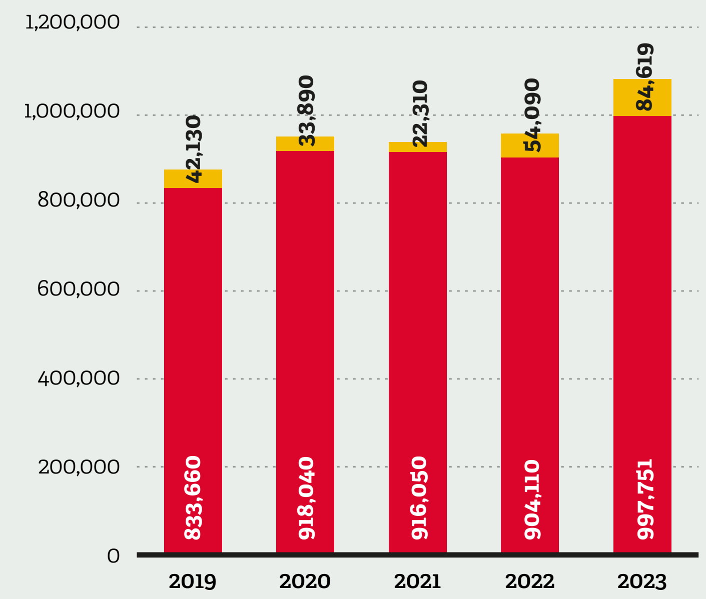
### Employment within our portfolio

In 2023, our portfolio of businesses provided direct jobs for 1,082,370 people (in full-time equivalents). Of these, 367,170 are employed by businesses we back directly and 715,200 are employed by companies within the investment funds we have backed. The net increase in jobs in our portfolio was 84,620.

In addition, projects in our portfolio supported 18,490 temporary construction workers involved in building new assets.

Of the firms supported, 56 per cent are SMEs (under 300 employees), of which 26 per cent are small businesses (under 50 employees).

Direct jobs supported by our portfolio

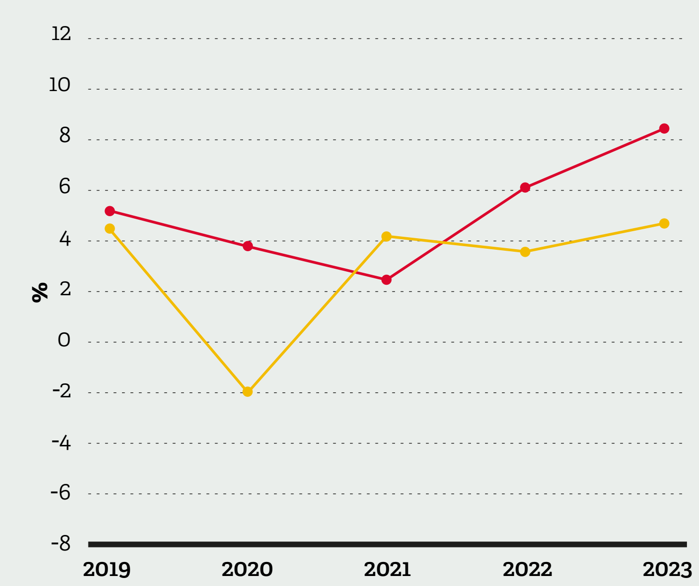



### Comparing our portfolio with the wider market

The rate of job growth in our portfolio in 2023 was 8.1 per cent, compared with a background growth rate of 4.6 per cent, according to International Labour Organization (ILO) statistics. The 2023 job growth within the portfolio comes primarily from growth in Asia (12 per cent) due to early-stage companies that have higher growth rates than more-mature companies. While growth in the African part of our portfolio is lower (3.4 per cent), this performance is in line with ILO statistics for the region.

Over the past five years, the businesses we invest in have grown their workforces annually by an average of 5.1 per cent. This compares with an average growth rate of 2.9 per cent for all employees in Africa, Asia and the Caribbean, according to ILO statistics.

Annual job creation rate




Calculations are based on the latest available data provided by our portfolio businesses.

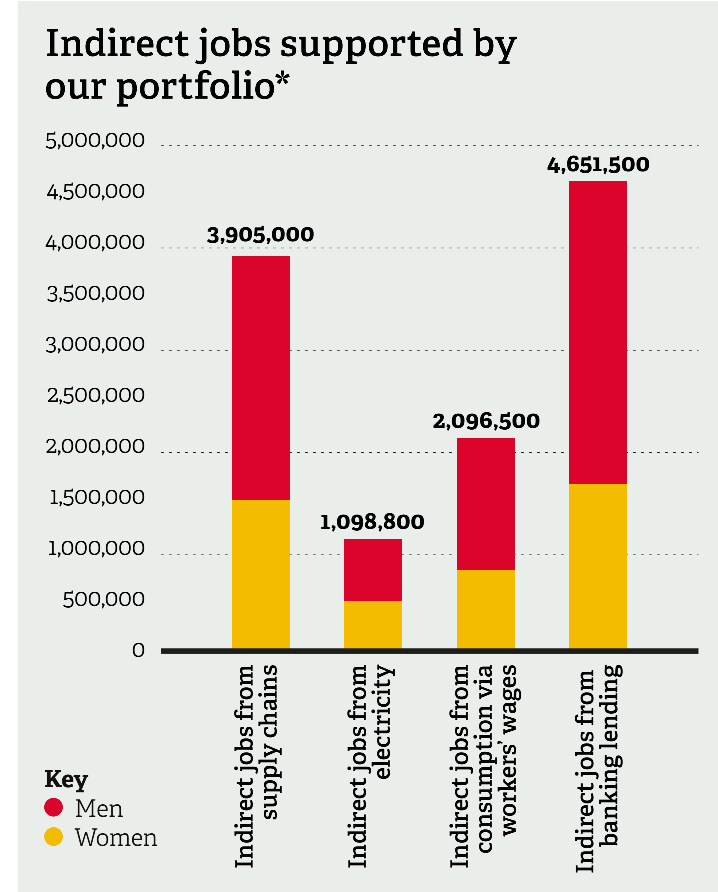
# Impact on the local economy through jobs continued

## Supporting jobs beyond our portfolio

By improving access to electricity and finance, as well as supporting local wages and supply chains, the investments we make indirectly support many more businesses and livelihoods. In 2023, the power produced and transmitted by our portfolio of power companies to businesses across our geographies indirectly supported an estimated 1.1 million workers.

We estimate the credit that BII-backed financial institutions offer to businesses supports as many as 4.6 million workers across the economies of Africa and South Asia – both in the borrowing companies and their supply chains. We know that wages spent by workers on local consumption support economic activity. We estimate that local spending of wages supported over 2 million jobs. Finally, we estimate that the supply chain purchasing of our portfolio companies indirectly supported 3.9 million workers in the wider economy.

S4S Technologies, India




* Our confidence in the reliability of the results for supply chains, consumption via workers' wages and lending are medium–high. Our confidence in the reliability of the results for electricity is low.

## Understanding the way we report impact data

We know that the indirect impacts of business operations can be significantly greater than their direct impacts, generating value in the economy by supporting additional employment.

To help investors understand these indirect effects, we worked with other DFIs and researchers to produce the Joint Impact Model. You can find further information at:
jointimpactmodel.org

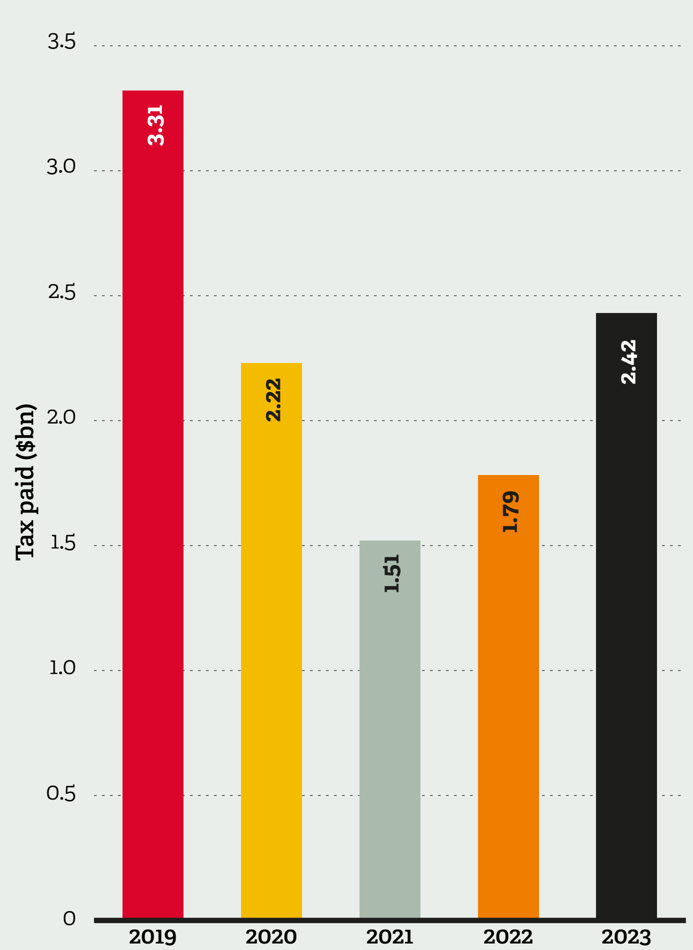
The indirect job numbers in this report are all estimated using that model. In our results, we don't attribute the increase in job numbers in our portfolio to ourselves – they are the total of what happens at the companies and projects where BII is one investor. This is because the results are largely due to the hard work and successes of the teams at our portfolio companies; our capital and know-how are only two reasons among many for their success.

# Impact on the local economy through tax payments

**In 2023, our portfolio businesses reported tax payments of $2.42 billion, showing a second consecutive year of growth.**

After a downward trajectory since 2019, the trend has now stabilised, as the loss of tax payments from businesses we have exited has been offset by new tax payments from businesses we have recently invested in. Our businesses have been seeing good growth, and are increasingly able to contribute to the local fiscal system. (See the information about employment and job growth within our portfolio on page 43).

### Payments to governments




# Catalytic capital

**Through our Catalyst Portfolio, we invest in markets where there is a high potential for impact, but where there are few precedents or benchmarks for success. This means that when we invest, we must take an even more flexible approach to risk, in pursuit of generating impact.**

BasiGo, East Africa

**In 2023 we made £262.7 million of net new Catalyst commitments.**

Our Catalyst Portfolio responds to persistent market failures, supports nascent markets and tests new solutions. These opportunities can arise where emerging technologies are not yet valued, first-mover disadvantages burden pioneer companies, or collective-action problems require coordinated investment across multiple actors before economies of scale can be reached. This is precisely where our higher risk appetite can support markets, before commercial capital kicks in.

We sharpened our focus on climate finance by supporting pioneering climate-focused businesses. This included several pioneering businesses across the e-mobility sector. Electric transportation is an essential part of the green transition, yet the sector remains nascent in many countries. In India, we backed electric vehicle manufacturer Euler Motors. The company's affordable vehicles will accelerate the mass adoption of electric vehicles by providing a better and cheaper alternative to those based on the internal combustion engine. Our commitment will help the company expand to 40 cities in India. We also invested in Battery Smart, which you can read about on page 37.

## **Catalytic capital** continued


# 90%

**of TradeDepot customers reported an improvement in their quality of life due to TradeDepot**

PARTNER INSIGHT

***Anthonia Churchill***
*Business owner and TradeDepot customer*

**"Now I have goods in stock and I can buy them in bulk before the price increases – in Nigeria, the inflation rate is so high that prices can double in a day."**

## Enhancing opportunities for small business owners in Nigeria

**Investment name:** TradeDepot
**Region/country:** Nigeria
**Investment type:** Catalyst Portfolio

TradeDepot provides a platform that connects informal retailers – mostly one-person microbusinesses run by women – to convenient, consistent access to goods and financial services.

A survey of over 200 users – 67 per cent of whom are from low-income households – found that 90 per cent reported an improvement in their quality of life due to TradeDepot, simply because it makes it easier for them to do business. For example, they can now buy stock without having to close the business to travel to the market in Lagos – so they can stay open and save on transport costs.

Not only are women more represented among TradeDepot users, but they are also more likely to report that the platform has helped them (92 per cent compared with 82 per cent for men). With the burden of domestic work falling disproportionately on women, particularly in developing countries, many of them open kiosks as small businesses – quite often attached to their homes – as a flexible means to an income. TradeDepot creates the conditions that enable them to operate their businesses in a way that suits them.

# **Catalytic capital** continued

We also supported climate-smart agricultural innovation, through initiatives like the African Forestry Impact Platform and AFEX, a commodity-trading platform, which will enhance agriculture productivity and improve food security across Nigeria, Kenya and Uganda. Read more about these investments on pages 40 and 25 respectively.

In 2023, we expanded to new regions to help address climate change. One example is our investment in Wavemaker Impact. As South-East Asia's first climate-tech venture fund, it is building and supporting start-ups that have the potential to significantly reduce greenhouse gas emissions in the region.

Over the year, we continued to promote the development of innovative finance structures to create impact. We committed to the SDG Outcomes Fund, the first fund of its kind dedicated to investing in development impact bonds in low- and middle-income countries globally. It's supporting the growth of businesses such as Wecyclers, a Nigerian social enterprise that collects, resells and recycles plastic waste. Our investment in this fund helps demonstrate the viability of development impact bonds as an effective funding tool to improve the lives and livelihoods of some of the world's most vulnerable populations.

Catalyst now makes up 11 per cent of our portfolio, meaning we are on track to meet our ambition to grow our Catalyst portfolio to 10–15 per cent of our total portfolio by value by 2026.

## Kinetic

Through our Kinetic Portfolio, we use concessional capital in different ways to support our partners – ranging from funding to close the 'viability gap' on projects, to flexible debt products. While still a relatively new part of our catalytic capital toolkit, we're continuing to grow this part of our portfolio.

In 2023, we closed four Kinetic transactions drawing on the FCDO-funded Climate Innovation Facility to test, seed and scale technologies and business models that can create transformative climate impact. This included backing businesses such as SunCulture, a Kenya-based company using carbon credits to improve the affordability of solar irrigation systems for smallholder farmers. Turn to page 41 to read more about this investment.

Our investment in BasiGo will scale the local assembly of electric buses, establishing a new electric vehicle manufacturing sector. We have also used Kinetic to blend with Catalyst in funds such as Equator, a venture capital firm focused on early-stage investments in sub-Saharan Africa. By employing an innovative financial structure, we successfully mobilised private investors who otherwise may not have invested in the fund.

Planet Solar, Sierra Leone

## Other key investments, which you can read about in other sections of the report, include the following:

- **African Forestry Impact Platform** – transforming the sustainable forestry sector in sub-Saharan Africa, protecting biodiversity and supporting livelihoods (see page 40).
- **SunCulture** – using innovative finance to improve the affordability of water pumps for smallholders farmers facing the effects of climate change (see page 41).
- **Planet Solar** – supporting Sierra Leone's first large-scale solar power project to be connected to the grid (see page 36).
- **Gridworks** – supplying reliable electricity to people and businesses in areas with some of the lowest electrification rates in Africa (see page 20).

# BII Plus

**In addition to returnable investment capital, we also provide technical assistance through BII Plus. We use our investment experience to identify and create opportunities to make a lasting difference to people and the planet. We support companies to become more inclusive and sustainable, as well as unlock opportunities and shape the private sector's approach to key issues.**

**Inclusion and climate change are two of the largest and most pressing priorities of our times. BII Plus addresses both challenges through three types of activity.**

First, we help companies in our portfolio become more inclusive and sustainable by providing technical expertise and funding for targeted activities. We support trailblazing projects, such as battery storage at the Cuamba solar power plant in Mozambique.

The technology for battery storage is nascent, and grants are often required to demonstrate the value of this emerging, but potentially transformative, technology. By combining grid-connected solar energy with battery storage, the project – which started producing power in 2023 – is now increasing the supply of green, reliable energy to thousands of homes and businesses in Northern Mozambique (see page 35 for more information).

We also lead programmes helping businesses reach low-income communities. Through our inclusive business advisory facility, we've worked with firms including Stellapps, an Indian start-up improving farm productivity and milk quality by organising the fragmented dairy supply chain. A BII Plus-funded project provided strategic support to launch Stellapps in India's poorest states, increasing the company's ability to reach more than 50,000 farmers and provide them with high-quality inputs and advisory services.

Second, we unlock new investments by addressing business challenges and uncovering opportunities in specific countries or sectors. In turn, this improves livelihoods by helping businesses grow and economies become financially sustainable.

For example, over the past three years in Nepal, with support from our Invest for Impact Nepal programme, DFIs' investments in the financial services industry have surged from $98 million to $625 million. This is at a time when foreign direct investment in the country hit a decade low in 2023.

In Ghana, our Ghana Investment Support Programme is providing business support services to SMEs, improving their financial management, corporate governance, and environmental and social practices, which in turn helps them attract investment. And through ARIA, we're building a pipeline of investable opportunities for DFIs in frontier economies, such as the Democratic Republic of Congo and Ethiopia, as well as supporting strategic changes within DFIs to encourage increased investment in these economies.

Third, we help shape the private sector and investment industry's approach to key issues. In 2023, this included providing training workshops on responsible investment and development impact assessment to over 1,000 people. We also launched a free-to-use toolkit for fund managers to navigate climate-related risks and opportunities. In addition, our work supporting WWF on its Risk Filter Suite is helping businesses assess financial risks related to water and biodiversity. The Water Risk Filter was awarded 'ESG research innovation of the year' by the UN Principles for Responsible Investment.

Also in 2023, we approved £13.3 million of BII Plus funding to our technical assistance programmes, such as our inclusive business advisory facility. We also approved 53 individual projects totalling £2.56 million. These include providing support to investees such as Stellapps, along with field-building projects such as the Adaptation and Resilience Investors Collaborative.

# BII Plus in numbers

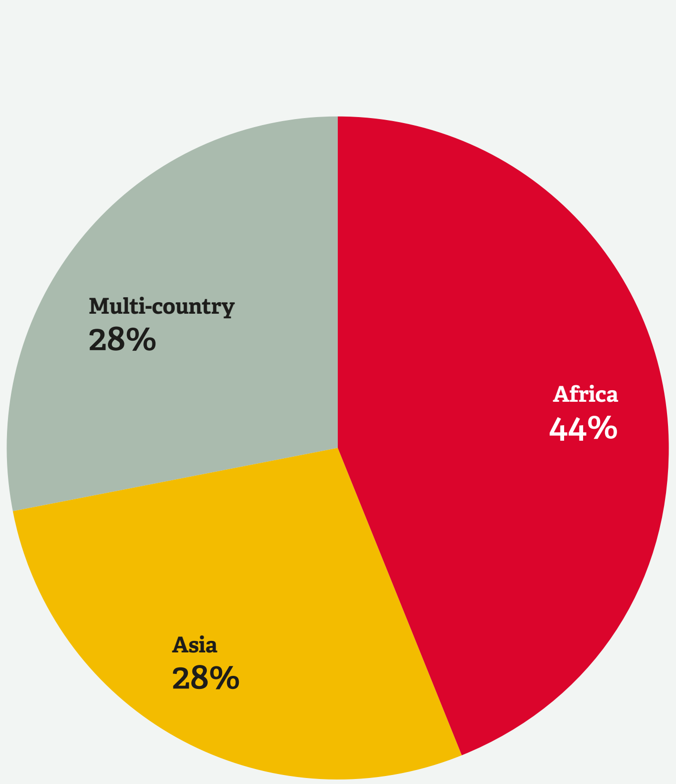
## Initiatives supported by BII Plus in 2023 include the following:

- **Supporting businesses to understand and respond to climate change**
  We helped microfinance institution Advans develop a new climate risk methodology and toolkit. We measured the portfolio's exposure and vulnerability to climate change, and this has helped the firm develop country-specific climate change strategies and led to the development of an emergency-loan product for flash floods.

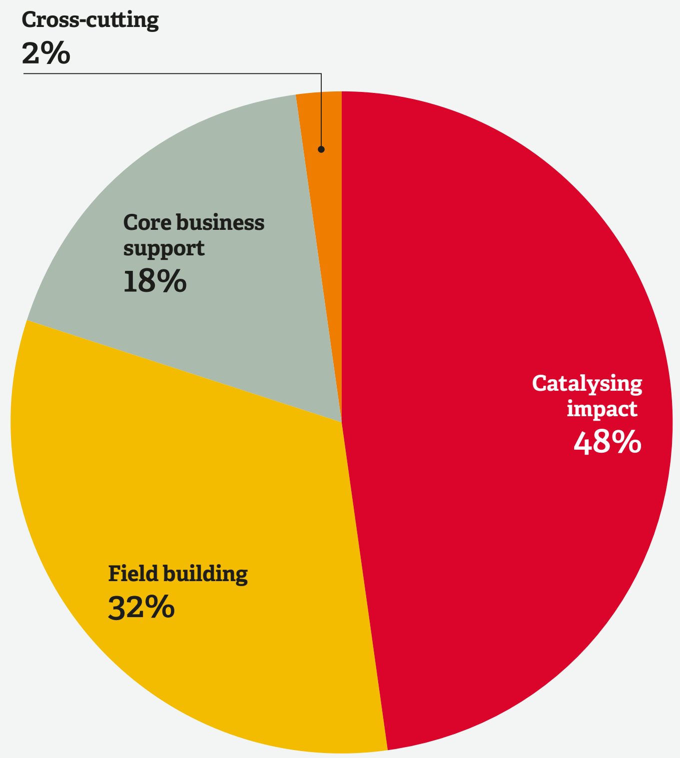
- **Providing industry-leading ESG support**
  Through our hands-on ESG workshop programme, we're improving the ESG practices of hundreds of businesses and private equity funds. This year, we led new modules on circular economy challenges and opportunities in the electric vehicle and infrastructure sector, gender-based violence and harassment, and emerging business-integrity-related risks for the financial services sector, such as illegal wildlife trade and modern slavery.

- **Strengthening governance standards for start-ups**
  Strong governance standards are critical to the success of start-ups, but these businesses frequently grow rapidly and their systems and controls may not keep up. We created a series of guidance notes, offering actionable advice, with easy-to-use tools, to help investors in start-ups identify and manage governance and fraud risks, and develop robust governance frameworks.

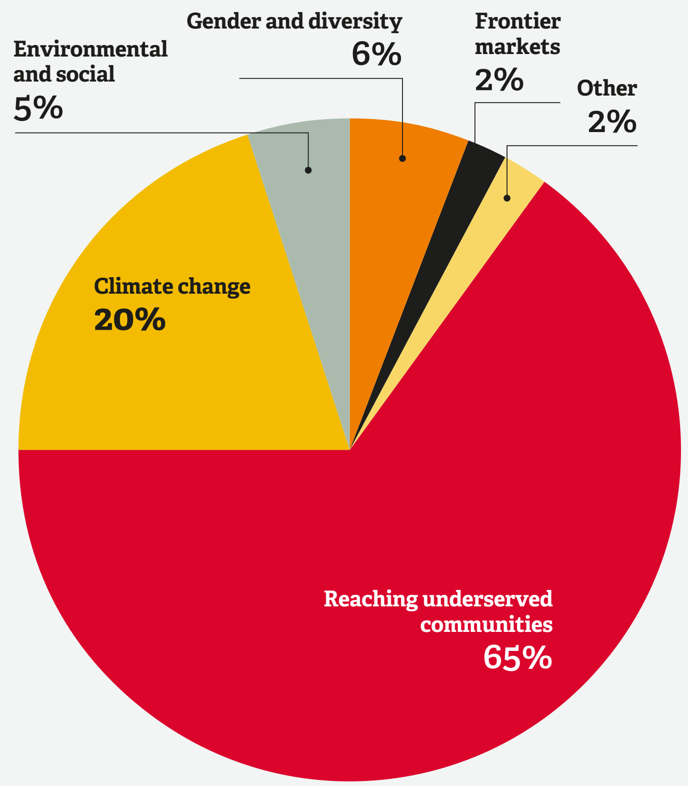
### Regional split of BII Plus portfolio in 2023




### BII Plus new commitments in 2023




### Thematic focus of projects in BII Plus portfolio



# This year's new investments

# Our 2023 commitments

**Key**
- 🔴 Gender qualified using the 2X Challenge criteria
- ⭕ Partially gender qualified
- 🟡 Climate finance qualified
- ○ Partially climate finance qualified

## Growth Portfolio

| | Debt | (£m) | Location |
|---|---|---|---|
| | ABSA Bank Ltd | 118.1 | South Africa |
| ⭕ | Access Bank Plc | 47.7 | Nigeria |
| 🔴 | Cofina[1] | 6.0 | Côte d'Ivoire |
| ⭕ | Eastern and Southern African Trade & Development Bank | 79.2 | East Africa |
| 🟡 🔴 | H1 Capital (Pty) Ltd | 5.4 | South Africa |
| | MaxAB B.V. | 0.05 | Egypt |
| ○ ⭕ | NMB Bank Plc | 11.4 | Tanzania |
| 🟡 | Pubali Bank Ltd. | 16.4 | Bangladesh |
| 🔴 | SEWA Grih Rin Ltd | 5.7 | India |
| ⭕ | Stanbic IBTC Bank Plc | 39.6 | Nigeria |

1 This commitment is the first of two tranches. We expect to commit the second tranche in 2024.

## Growth Portfolio

| | Equity | (£m) | Location |
|---|---|---|---|
| | ADP III Holding 5 L.P. | 8.1 | Egypt |
| | Africa Gateway | 27.7 | Africa |
| 🟡 | AkshayaKalpa Farms and Foods Private Limited | 1.6 | India |
| | Aye Finance | 23.7 | India |
| ○ 🔴 | Divercity Urban Property Fund Proprietary Limited | 2.6 | South Africa |
| | Ecom Express Private Limited | 1.1 | India |
| 🟡 | Globeleq Limited | 19.2 | Africa |
| | GoApptiv Private Limited | 5.9 | India |
| 🔴 | Growth Investment Partners Ghana Ltd (GHS) | 38.6 | Ghana |
| 🔴 | Indifi Technologies Pvt. Ltd. | 3.9 | India |
| | Infifresh Foods Pvt Ltd (Captain Fresh) | 5.5 | India |
| | MoneyFellows | 2.0 | Egypt |
| | Namdev Finvest Private Limited | 2.4 | India |
| | Smartpaddle Technology Private Ltd | 1.9 | India |
| 🔴 | Tyme Group Holdings PTE | 2.0 | South Africa |
| | Ulink AgriTech Private Limited | 0.4 | India |
| | Valency International Ltd pte | 12.3 | Nigeria |

## Growth Portfolio

| | Fund | (£m) | Location |
|---|---|---|---|
| 🔴 | 3one4 Capital IFSC Fund | 7.9 | India |
| | Accion Digital Transformation Fund | 16.2 | Pan-region |
| ⭕ | Amethis Fund III S.C.A., SICAV-RAIF | 17.3 | Africa |
| | Apis Growth Markets Fund III SCSp | 32.9 | Africa |
| | CRE Venture Capital Fund III A LP | 6.2 | Nigeria |
| | India Quotient Fund IV | 6.4 | India |
| 🔴 | Lok Capital IV LLC | 7.9 | India |
| 🔴 | Mediterrania Capital IV (MCP IV) | 13.1 | Egypt |
| ○ | Omnivore Partners India Fund III | 7.9 | India |
| ○ 🔴 | Pembani Remgro Infrastructure Fund II | 12.3 | Africa |
| 🟡 | South Asia Growth Fund III, L.P. | 19.5 | India |
| 🔴 | SPE PEF III | 11.9 | North Africa |
| 🟡 | SUSI Asia Energy Transition Fund | 12.5 | Vietnam |
| ○ | UK Climate Investments LLP[2] | 181.0 | Pan-region |

| | Guarantee | (£m) | Location |
|---|---|---|---|
| 🟡 | Asian Development Bank | 39.6 | Asia |
| | Bank one Mauritius | 39.6 | Mauritius |
| | Citibank N.A. | 79.2 | Africa |
| | IFC (International Finance Corporation) | 19.8 | Global |
| | Standard Chartered Bank Pakistan Limited | 16.6 | Pakistan |

2 Our climate-finance figure includes a contribution of £181 million from the transfer of UK Climate Investments (UKCI), a fund that invests in clean energy and green infrastructure projects across Africa and South Asia. It was created in 2015 as a joint venture between Macquarie and the UK's Green Investment Bank, when it was reported as part of the UK's international climate finance contribution. As it is a new commitment for BII, we have included it in our 2023 figures. Our commitment to UKCI will be excluded from the UK Government's 2023 international climate finance reporting to avoid scope for double counting.

**Growth Portfolio total: £1,035.7 million (gross commitments); £921.2 million (net commitments)**

# Our 2023 commitments continued

Key
- 🔴 Gender qualified using the 2X Challenge criteria
- ⭕ Partially gender qualified
- 🟡 Climate finance qualified
- ○ Partially climate finance qualified

| | | (£m) | Location |
|---|---|---|---|
| **Catalyst Portfolio** | | | |
| | **Debt** | | |
| | **AFEX Commodities Exchange Limited** | 1.6 | Nigeria |
| | **AFEX Commodities Limited** | 1.2 | Uganda |
| | **AFEX Fair Trade Limited (Kenya)** | 4.1 | Kenya |
| | **AFEX Fair Trade Limited (Nigeria)** | 14.9 | Nigeria |
| ○ | **Agristar Holdings (Pty) Ltd** | 4.4 | South Africa |
| | **Betterplace Safety Solutions Private Limited** | 1.7 | India |
| ○ 🔴 | **Chakr Innovation Private Limited** | 5.2 | India |
| | **Dashen Bank S.C.**[3] | 7.8 | Ethiopia |
| 🔴 | **DCDC Health Services Private Limited** | 7.8 | India |
| ○ 🔴 | **Greenlight Planet Kenya Ltd** | 8.0 | Kenya |
| 🔴 | **KASHF Foundation** | 11.9 | Pakistan |
| 🟡 | **Owendo Port** | 2.1 | Gabon |
| ○ 🔴 | **Sun King Financing Limited** | 16.0 | Kenya |
| 🔴 | **TradeDepot Inc** | 3.2 | Nigeria |

3 This commitment is the first of two tranches. We expect to commit the second tranche in 2025.

| | | (£m) | Location |
|---|---|---|---|
| **Catalyst Portfolio** | | | |
| | **Equity** | | |
| ○ | **Agristar Holdings (Pty) Ltd** | 4.7 | South Africa |
| 🟡 | **Battery Smart** | 2.4 | India |
| 🟡 | **Euler Motors Private Limited** | 4.1 | India |
| 🟡 | **Frontier Energy II Delta K/S (Planet Solar)** | 8.5 | Sierra Leone |
| | **Greenizon Agritech Consultancy Private Limited** | 2.5 | India |
| 🟡 | **Gridworks Development Partners LLP** | 45.3 | Africa |
| 🟡 | **Wolkus Technology Solutions Private Limited (Fasal)** | 2.0 | India |
| | **Fund** | | |
| 🟡 🔴 | **African Forestry Impact Platform** | 67.1 | Uganda |
| 🟡 🔴 | **Circulate Capital Ocean Fund I-B** | 5.7 | India |
| 🟡 | **Equator Africa Fund** | 8.3 | East Africa |
| 🔴 | **SDG Outcomes Fund** | 8.3 | Global |
| 🟡 🔴 | **Southeast Asia Clean Energy Fund II** | 10.7 | Southeast Asia |
| 🟡 | **Wavemaker Impact Sub-Fund**[4] | 4.9 | Singapore |

**Catalyst Portfolio total: £264.4 million (gross commitments); £262.7 million (net commitments)**

| | | (£m) | Location |
|---|---|---|---|
| **Kinetic Portfolio**[4] | | | |
| | **Debt** | | |
| 🟡 | **BasiGo Inc.** | 4.1 | Kenya |
| 🟡 | **SunCulture** | 1.7 | Kenya |
| | **Fund** | | |
| 🟡 | **Equator Africa Fund** | 3.1 | East Africa |
| | **Guarantee** | | |
| ○ | **Energy Access Relief Fund B.V** | 2.4 | Africa |

**Kinetic Portfolio total: £11.3 million**

4 Our climate finance figure does not include the commitments we've made under the Climate Innovation Facility, which is a dedicated FCDO-backed pool of concessional funding and part of our Kinetic Portfolio. We committed an additional £11.1 million of climate finance under the Climate Innovation Facility in 2023.

| | |
|---|---|
| **Gross new commitments (£)** | **1,311.4m** |
| **Trade and supply chain finance facility downsizing and cancellations (£)** | **(116.2m)** |
| **Net new commitments (£)** | **1,195.2m** |

# A selection of our investments

**Key**
- Gender qualified using the 2X Challenge criteria
- Partially gender qualified
- Climate finance qualified
- Partially climate finance qualified

**Investment name:** H1 Capital EDF Round 5
**Region/country:** South Africa
**Investment type:** Growth Portfolio
**Focus:** Renewables

Foreign currency exchange volatility and inflation have affected macroeconomic conditions globally and in South Africa. As a counter-cyclical investor, we work with partners, including H1, to create bespoke capital solutions across equity, debt and intermediary channels, to facilitate capital flows to key sectors such as renewables, and to support economic growth.

Through an expanded capital-solution offering, we are supporting the development of two 140 MW wind farms in the Northern and Eastern Cape of South Africa. The project is expected to reach completion in 2024, providing clean and affordable energy to South Africa's people.

**Investment name:** Frontier Energy II Delta K/S (Planet Solar)
**Region/country:** Sierra Leone
**Investment type:** Catalyst Portfolio
**Focus:** Renewable energy

Currently only 23 per cent of the people in Sierra Leone have access to electricity. Our investment in Planet Solar will increase the operational domestic electricity supply in the country by around 30 per cent, channelling it to commercial and industrial entities, public institutions, and households connected to the main energy grid.

As the first large-scale grid-connected solar independent power producer, Planet Solar will provide 50 MW of solar capacity, which is expected to help avoid 53,000 tonnes of $CO_2$ emissions a year.


**Investment name:** Eastern and Southern African Trade & Development Bank
**Region/country:** East Africa
**Investment type:** Growth Portfolio
**Focus:** Food security, trade

Many African economies are facing various economic challenges, including currency depreciation, rising inflation, debt challenges and climate-related vulnerabilities.

Increasing access to trade finance helps support the flow of vital goods and services. Our finance facility is designed to strengthen economic resilience in the region by supporting essential trade finance activities, fostering agricultural development and addressing critical challenges such as food insecurity.

**Investment name:** Infifresh Foods Pvt Ltd (Captain Fresh)
**Region/country:** India
**Investment type:** Growth Portfolio
**Focus:** Food security, inclusion

India is the world's second-largest fish-producing nation and contributes 7.5 per cent of global fish production. The country's fisheries sector is a source of livelihood to over 50 million people.

Captain Fresh operates as a three-way marketplace between fishermen, processors and customers. The company's innovative use of technology allows it to aggregate supply and processing capacity in a largely unorganised and fragmented market.

Our investment will help the company expand its distribution network and increase direct sourcing from local fishermen, helping to boost their incomes.

# A selection of our investments continued

**Key**
- Gender qualified using the 2X Challenge criteria
- Partially gender qualified
- Climate finance qualified
- Partially climate finance qualified

**Investment name:** Equator Africa Fund
**Region/country:** Africa
**Investment type:** Kinetic Portfolio
**Focus:** Climate

Sub-Saharan Africa is the region least prepared for, and most exposed to, the adverse effects of climate change.

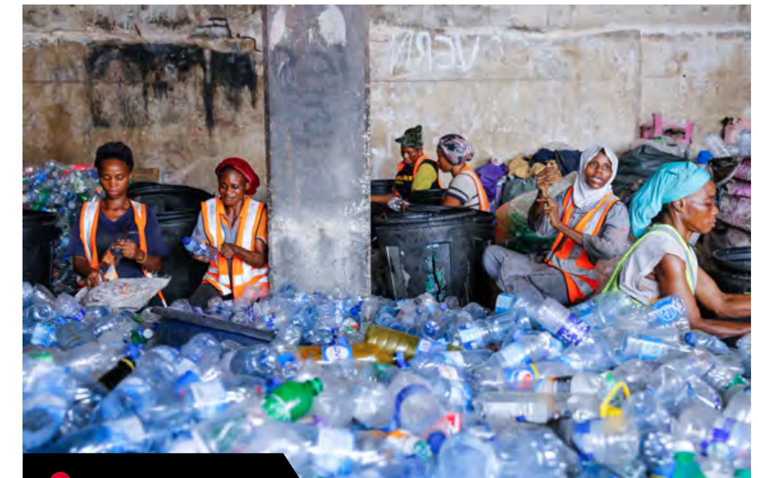
We made an anchor investment into Equator Africa Fund as part of the fund's first close. Our investment will support innovative, tech-enabled climate solutions across sub-Saharan Africa. The fund's investments are expected to span the sectors of e-mobility, energy efficiency and storage, water, climate analytics and agriculture.

Of the total commitment, up to $5 million will come from our Climate Innovation Facility, with the aim of overcoming barriers to investment and mobilising commercial capital.

**Investment name:** Growth Investment Partners Ghana
**Region/country:** Ghana
**Investment type:** Growth Portfolio
**Focus:** SMEs

SMEs are the backbone of Ghana's private sector – they account for 92 per cent of all businesses there and are a key contributor to economic growth. Despite their importance to the local economy, accessing finance is a key challenge and barrier to growth for SMEs. We believe supporting SME growth is essential to build and bolster economic resilience within Ghana.

Last year, we launched Growth Investment Partners Ghana (GIP), a new investment company led by Ghanaians for Ghanaians, to provide innovative flexible capital to support SME business growth in Ghana and across Africa.



**Investment name:** SDG Outcomes Fund
**Region/country:** Global
**Investment type:** Catalyst Portfolio
**Focus:** Inclusion

As a leading impact investor, we explore innovative capital solutions that seek to address the bottlenecks in development challenges. Through our commitment to the SDG Outcomes Fund, we are demonstrating the viability of development impact bonds as an effective funding tool to unlock maximum impact within underserved communities.

The fund is designed to back impact bonds and similar 'outcomes-based contracts' that support the UN SDGs, focusing on some of the world's most vulnerable populations.

**Investment name:** NMB Jamii Bond
**Region/country:** Tanzania
**Investment type:** Growth Portfolio
**Focus:** Climate and inclusion

As a co-anchor investor in NMB Bank Plc's inaugural sustainability bond, known as the NMB Jamii Bond, we are supporting the development of capital markets in Tanzania. The proceeds from the bond will finance social and climate projects that contribute to inclusive socio-economic growth and strengthen the response to climate change.

This is the first sustainability bond to be offered in East Africa. It serves as an example for institutional investors and financial institutions in the region, to encourage greater innovation in this area.

# **A selection of our investments** continued

**Key**
- Gender qualified using the 2X Challenge criteria
- Partially gender qualified
- Climate finance qualified
- Partially climate finance qualified

**Investment name:** ADB Green Trade
**Region/country:** Asia
**Investment type:** Growth Portfolio
**Focus:** Renewables; trade finance

In South and South-East Asia, two of the regions most vulnerable to climate change, enabling the development of more renewable energy capacity and its supply chain is essential to achieve the region's sustainability goals. Trade is a critical part of this, as it enables the flow of the green goods that help regions mitigate, and adapt to, the impact of climate change.

Our partnership with the Asian Development Bank aims to reduce the global trade finance gap and address this unmet demand for longer tenure for green transactions of up to $100 million.

**Investment name:** Euler Motors
**Region/country:** India
**Investment type:** Catalyst Portfolio
**Focus:** Electric vehicles

We work with Euler Motors on accelerating the development of electric vehicles in India, particularly in commercial cargo transportation. This is an important opportunity, both to create jobs and reduce emissions. Since its inception in 2018, Euler Motors has been enabling sustainable mobility, with its commercial electric vehicles having collectively transported goods over 45 million kilometres.

Our investment will further support the adoption of electric vehicles across India, and assist the country's green energy transition by speeding up the company's expansion into 40 Indian cities.

**Investment name:** South-East Asia Clean Energy Fund II
**Region/country:** South-East Asia
**Investment type:** Catalyst Portfolio
**Focus:** Climate

Unlocking the potential of clean energy solutions and businesses is a priority for us, to help address climate change. Therefore, we committed to an innovative finance vehicle to provide early-stage, high-risk capital to support promising businesses within renewable energy generation, energy efficiency, electric mobility and the electrical grid. The fund will also offer additional capital to accelerate the scale-up of its portfolio companies.

This is also part of our strong commitment to provide climate finance in South-East Asia, one of the regions most vulnerable to climate change, under our current five-year strategy.

**Investment name:** Aye Finance
**Region/country:** India
**Investment type:** Growth Portfolio
**Focus:** SME financing

There are over 64 million MSMEs in India and only 11 per cent of microenterprises have access to formal credit. We are helping Aye Finance use technology to better manage risk and improve access to finance for individuals and businesses that have been historically ignored by traditional banks.

Since its launch in 2014, Aye Finance has been committed to easing access to credit for small businesses. The firm has disbursed INR 8,000 crores since inception, bringing over 700,000 borrowers into the formal lending ecosystem. Through this access to credit, microenterprises are able to scale their business and increase incomes.

# Glossary, disclaimer and credits

## Glossary of terms

| | |
|---|---|
| **BII Plus** | BII's technical assistance facility |
| **Catalyst Portfolio** | One of BII's portfolios, which takes a flexible approach to risk in exchange for creating impact |
| **DFI** | Development finance institution |
| **ESG** | Environmental, social and governance |
| **FCDO** | Foreign, Commonwealth and Development Office |
| **GDP** | Gross domestic product |
| **Growth Portfolio** | BII's largest investment portfolio, focused on providing capital to businesses with the potential to achieve sustainable growth while making a positive environmental, social and economic impact |
| **GWh** | Gigawatt hour |
| **ILO** | International Labour Organization |
| **Kinetic Portfolio** | One of BII's portfolios, focused on concessional investment strategies |
| **MDB** | Multilateral development bank |
| **MW** | Megawatt |
| **MWh** | Megawatt hour |
| **OECD** | Organisation for Economic Co-operation and Development |
| **SDGs** | The set of Sustainable Development Goals that UN member states aim to achieve by 2030 |
| **SME** | Small and medium-sized enterprise |
| **TWh** | Terawatt hour |

All $/dollars are US dollars unless otherwise stated

## Data disclaimer

Data on employment, taxes paid, mobilisation and sector metrics has been through BII's internal data quality procedure, and we have used reasonable efforts to ensure the accuracy of all data used in this report. However, this data has not been audited or independently verified. Data has been received from many, but not all, of BII'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 2023. Employment data may sometimes include contract workers and other non-permanent workers. Tax data should be read as being indicative of magnitude rather than exact amounts of taxes paid.

## Photography

All photographs originate from BII's image library of investee businesses, or have been supplied by investment partners, purchased from stock libraries, or taken by BII employees on site visits. Photographers whose work is used in this publication include: Allison Joyce (Communications for Development Ltd).

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