

Our Work

Green Bonds Programme

Since launching the Kenya Green Bond Programme in 2017, FSD Africa has facilitated green bonds in 20 African countries, including Nigeria, Kenya, Mauritius, and Morocco. In Kenya, our support resulted in \$80.58m of green capital and 5,265 jobs. In Nigeria, FSD Africa's efforts have led to \$146.33m of climate change capital and 45,000 jobs. Overall, 3 million people have sustainable livelihoods through agroforestry and access to clean energy, water, and transport.

African Local Currency Bond Fund

The African Local Currency Bond Fund invests in primary corporate bond issuances in local currency to benefit low-income households and MSMEs, while also providing technical assistance to strengthen the market. With our support, KfW established the fund, which has invested \$0.25bn in 50 bonds across sub-Saharan Africa. By June 2022, the fund had enabled 4.7 million customers to access basic services through renewable energy investments and reduced greenhouse gas emissions by 1.5m TCO_{2e}.

Catalysing Climate Resilience

CCR seeds and accelerates climate resilience solutions and nurtures the growth of Africa's emerging and critically important sector. In partnership with BFA Global, this is achieved through TECA (a venture launcher) and Catalyst Fund (an early-stage start-up investor). TECA has selected 7 blue economy ventures to receive investment support, while Catalyst Fund has launched investments in 10 start-ups, including agtech. Additionally, our ecosystem work includes establishing the CIFAR Alliance and participating in COP27, as well as running Fintech 4 Resilience challenges and publishing a climate resilience case study paper.

Mainstreaming Natural Capital in Financial Sector Development

Nature loss in Africa poses significant risks for economies and the finance sector. To protect natural capital, financial flows must be allocated in a way that maintains and increases natural assets. However, the lack of tools and frameworks to internalize nature-related risk hinders this effort.

We partnered with Oliver Wyman to pilot the Taskforce for Nature-related Financial Disclosures (TNFD) framework and develop national nature strategies. We launched the African Natural Capital Alliance (ANCA) in June 2022 with leading African financial institutions to advocate for TNFD and nature-related risk management. Our ground-breaking research with Vivid/McKinsey assessed nature-related financial risks and opportunities for African financial institutions.

We granted \$480,000 to the Rabo Foundation/ACORN to support small-scale farmers' transition to sustainable farming, like agroforestry. We are also funding the launch of a new Biodiversity Investment Rating Agency (BIRA).

Scan this code to access more on our work



FSD Africa Impact Report

We are pleased to present to you our 2022 Development Impact report, our first since revising our strategy in early 2021. The report presents key insights into our performance under this new strategy, building on some key achievements from our past.

Over the past decade, we've seen that investing in financial markets drives economic growth, boosts the income of vulnerable groups and helps to reduce poverty. Through our market-building initiatives, we have directly and indirectly crowded in around £1.9 billion in long-term capital; increased access to financial services for close to 12 million people; and created or sustained approximately 67,200 full-time equivalent (FTE) jobs, of which 12% were green jobs and 59% were occupied by women.

The report further highlights significant milestones in our journey towards making finance work for Africa's future- from launching a handful of green initiatives to targeting 70% of our portfolio to be green. Our ambition remains to transform Africa's financial markets for the better, and we provide evidence of how this is already happening, highlighting key lessons learned.

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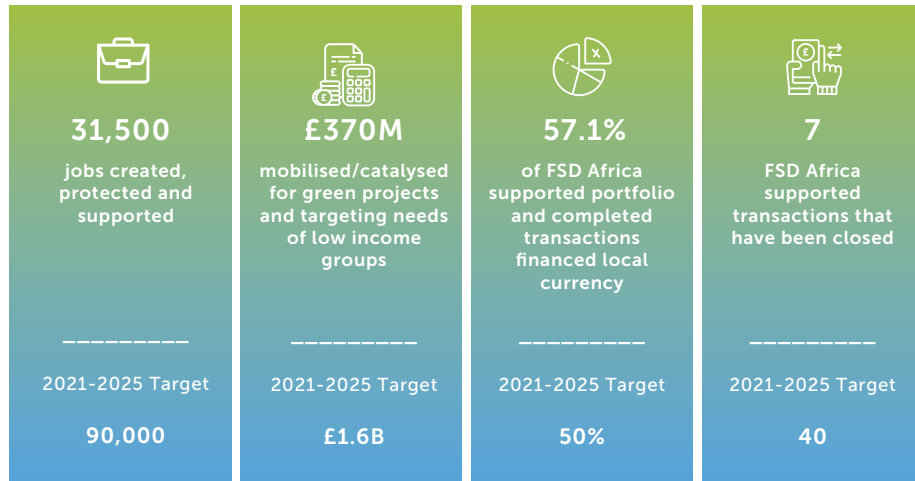
increased access to financial services for close to **12 million** people in Africa



Scan this code to access the report

We have doubled our commitment to green financing– increasing from £23 million (2020) to approximately £52 million (2022). Over the next three years, we want to increase this commitment to over £122 million. This has resulted in major milestones below:

we have committed **£52 million** and expect this to grow to **£122 million** by 2025.

Becoming Gender Intentional



Our experience has taught us that to truly increase our impact around gender imbalances, we need to deliberately design and execute interventions that identify and address challenges around gender inclusivity. To better support and design interventions like the ones above, **FSD Africa has also put in place firm-wide initiatives** that are expected to drive greater gender inclusivity. To achieve this, we're working on the development and review of several tools:

- A Gender Lens Investing Framework
- A more gender-inclusive strategy with a corresponding theory of change
- A Gender Assessment Framework
- Gender-inclusive performance measurement frameworks and indicators

Responding to Covid-19

FSD Africa's response to the pandemic has been wide-ranging. We've helped to digitalise company operations, availed capital to lenders, and supported manufacturers in retaining jobs, among other approaches. We invested close to £15 million in five flagship initiatives, to achieve two main objectives:

- To mitigate the impact on financial institutions, businesses, and households
- To ensure the business continuity of our investments

In partnership in other funders, FSD Africa implemented a £5.3 million fund - the Emergency Jobs Protection Facility, to mitigate the negative impacts and secure jobs for factory workers in

Ethiopia. The facility supported 24 factories in four industrial parks. Over 90% of the participating factories were able to keep at least 80% of their pre-facility workforce (appr. 31,500 workers).

FSD Africa also invested £7.2 million in the Blue Orchard Covid-19 Emerging & Frontier Markets MSME Support Fund, operating in African countries such as Kenya, Tanzania, Botswana, and Burkina Faso. Ten MFIs accessed immediate liquidity through the B.O. fund to manage their deteriorating portfolios and long-term finance to prevent insolvency. This, in turn, facilitated about 42,900 MSMEs to get additional financing as a coping mechanism for the shocks caused by the pandemic.



Learning and adapting

We operate in a dynamic sector. It requires constant learning and adaptation. Below we summarise a few lessons we've learnt over the past year and how these can shape future actions by us and others.

- Finding ways to preserve natural capital is necessary and requires creating and scaling up natural capital asset classes that enable the crowding in of innovative finance.
- Our work entails engagement, convening and intensive handholding, thus taking much time to yield results. Such makes our role unique and relevant because FSD Africa is not interested in the financial returns of transactions but is focused on market development.
- Qualitative storytelling techniques can help reveal the nuances of the changes happening in the different markets, which helps to communicate our market development impact better.