



BIO

Investing
in a Sustainable Future

Strengthening the private sector
in developing countries

Gaëtan Herinckx, Head of SME funding

Main Principles of Intervention

- Focus on private sector
- Market conditions
- Untied approach
- In 52 countries
- Additionality and sustainability criteria
- Balance between return and development impact



Target Companies



Access to **basic services**, such as financial services, healthcare, education,...



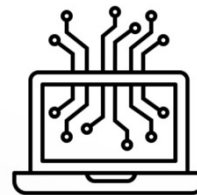
Infrastructure supportive of MSMEs development



Access to **energy/energy efficiency**



Agriculture and agribusiness enhancing food security along the value chain



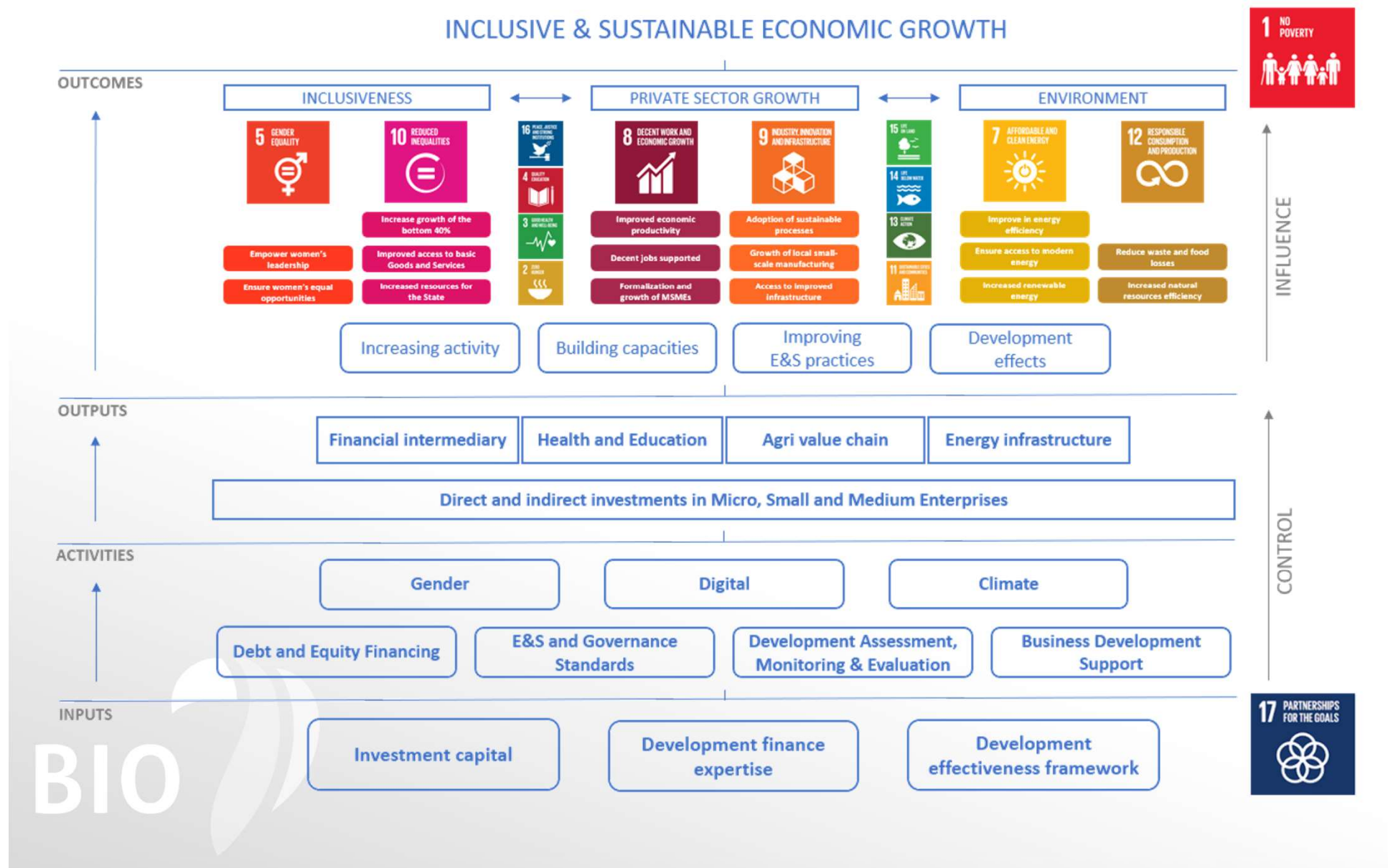
Access to **digital technologies**



Enterprises that contribute to the **fight against climate change**

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BIO Theory of Change





BIO's Contribution to SDG 7 2018 Portfolio

POWER SUPPLY

Access to affordable, reliable
and modern energy

7.1

17

Direct Investments

1,716 MW

Newly Installed Capacity

35%

IN LDCs

RENEWABLE ENERGY

Cleaner energy

7.2

14

OUT OF 17

RENEWABLE
ENERGY PROJECTS

ENERGY USE EFFICIENCY

1.074 M tCO2

Emissions Avoided

7.3

BETTER ENERGY ACCESS

BIO KPI SDG7

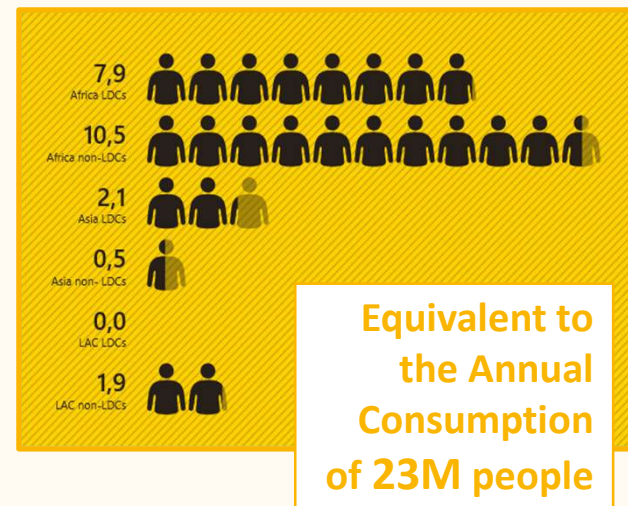
ENERGY PRODUCED

5,536

GWh over 2018 through direct projects

32% = RENEWABLE ENERGY

-- More than 50% of total in Africa --



9 specialized funds

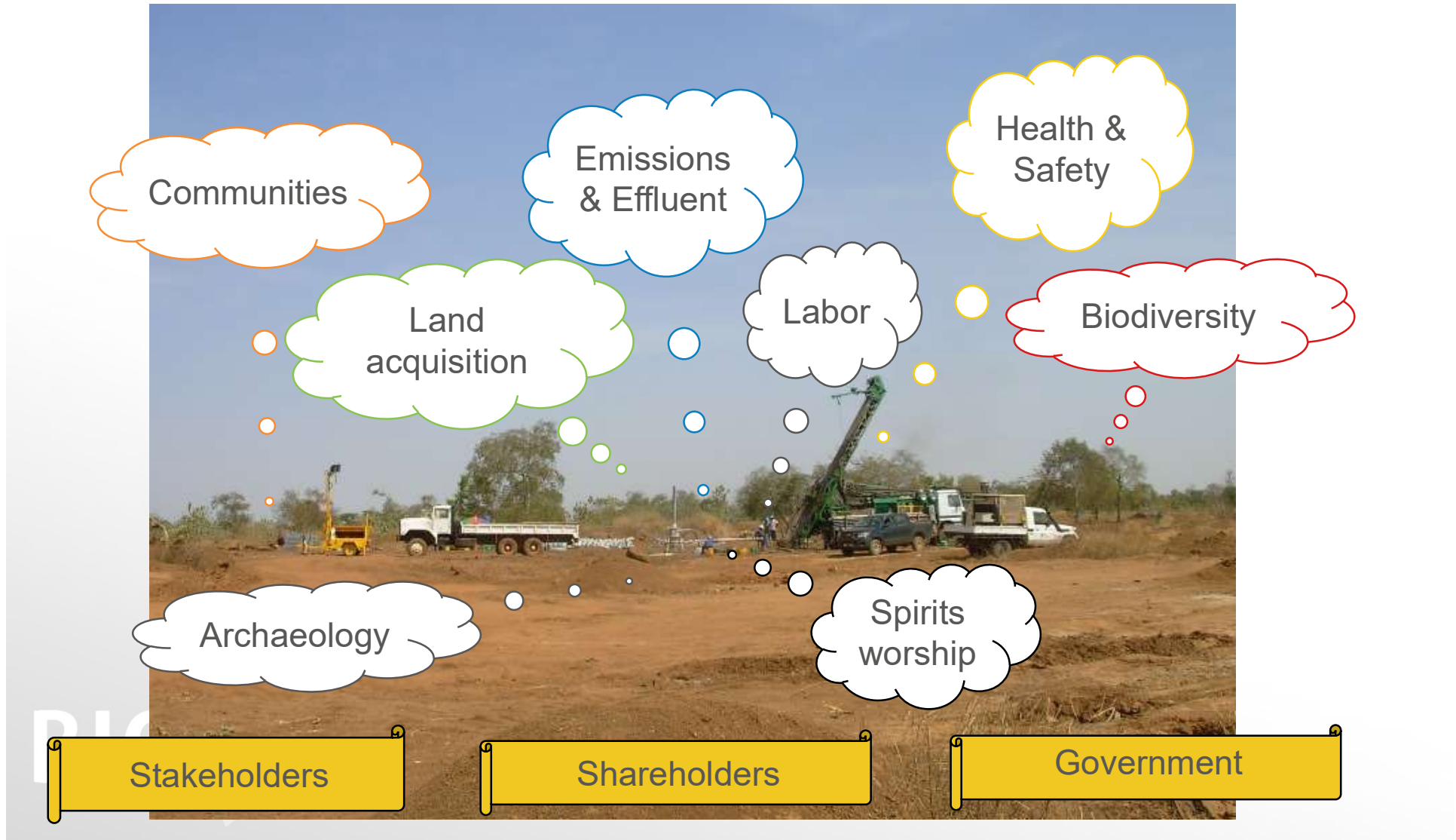
Almost exclusive focus on Renewable Energy

106

Energy-related projects

Of which **41** responsible for an access
to solar energy of **6.8 M** people

What do we mean by Environmental & Social?



The IFC Performance Standards (1/2)



- E&S Risk Assessment (ESIA)
- ESMS
- E&S Resources
- Stakeholder Engagement
- Emergency Response
- Grievances Management



- HR Management System
- ILO (wages, overtime, contract, etc.)
- Non-discrimination
- Freedom of Association
- Retrenchment
- Labor conditions in supply chain
- OHS



- Resources Efficiency
- GHG emission
- Pollution Prevention (wastes, air emission, wastewater, etc.)



- Community Health & Safety
- Security

Depending on the activity of the client, IFC PS 3-8 will be activated.
(e.g. for indirect investments we check only IFC PS 1 and IFC PS 2)

The IFC Performance Standards (2/2)



- Avoid forced eviction
- Cover physical and economical displacement
- Equal land rights
- Improve or maintain livelihoods (not only cash compensation)
- Vulnerable people focus
- Cut off date
- Private sector responsibilities for Government-led displacement



- Biodiversity and ecosystem services
- UICN Red List
- Habitats Classification
- Avoid, minimize, restore & offset hierarchy



- IP definition
- Free Prior Informed Consent
- Private sector responsibilities for Government-led IP Management



- CH definition
- Chance Find Procedure
- Community Access
- Removal of replicable CH
- Removal of non-replicable CH
- Critical CH

When does E&S intervene during BIO investment cycle?



Agri and Agribusiness

- Active on the entire value chain:
 - Primary agri: favoring a mix of out-growers and industrial plantation
 - Processing
 - Inputs
 - Logistics, storage, etc
- Around EUR250m direct and indirect investment in SME, of which around a third are agri-related
- 16 Agri-related direct investment outstanding
- Direct & indirect (funds, financial institutions)
- All type of funding type: Loan (from senior to junior unsecured), Quasi-equity, equity
- Ticket: min USD1m

Usual suspect key items for agribusinesses looking for funding

- Project:
 - Coherence with existing business & maturity of exiting business (operation and finance)
 - Contribution to sustainable economic development
- Sponsor of the project:
 - Shareholding: structure, skin in the game, KYC/PEP, OFC
 - Management: alignment of interest/LT incentive, mix of expertise
- Governance: quality of info (audited statements, ERP/data/reporting, related party transaction)
- Source and use of funds
 - Funding mix/terms (// Maturity of the business and cash flow profile of the crop)
 - Contingency, Working capital, opex losses, interest charge during grace period
- Existence of natural hedge opportunities (especially in country with volatile and depreciating currencies)
- For senior loan: existence of collateral
- For equity: existence of institutional co-investors
- BIO's additionality (financial and non-financial)

Usual suspect key items for agribusinesses looking for funding

- Developmental impact:
 - Farmer allied-intermediaries/Level of integration of smallholders and local communities into your business
 - Contribution to food security
 - In-country value addition / Import substitution
 - Gender
 - D4D component
 - Climate change

- Environmental and Social management (system and performance)
 - Existence/quality of E&S management system
 - Existing Study/Environmental Impact Assessment (EIA) done for the planned project (and exiting activities)
 - Certification of operations (including food safety)
 - Land acquisition
 - Biodiversity
 - Local communities
 - Decent work and working conditions

Case study: Laiterie du Berger

- Sector: Dairy – mainly Yogurt and milk
- Country: Senegal
- Project financed: Expansion of processing capacities (3rd funding)
- Development impact rational:
 - Sole processor integrating and developing local raw milk collection/production from smallholder farmers in Senegal
 - Strong commitment from the company to establish cutting hedge Environmental and social management system & practices
- Various TA provided: H&S, smallholder program, ERP, etc

Contact details

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