Annual Review 2019
CDC Group plc
The UK's development finance institution

CDC
Investment works

Towards a decade of action

We're a champion of the Sustainable Development Goals in Africa and

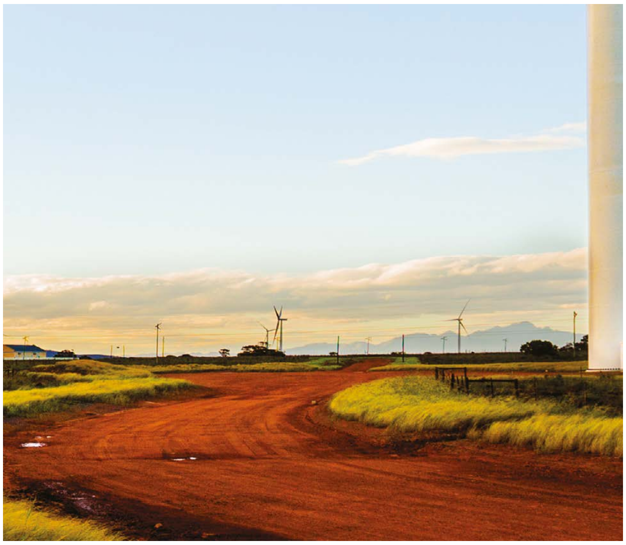
South Asia, aiming to achieve a better and more sustainable future.

10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

Overview

4–13

Our goal is to help solve the biggest global development challenges by investing patient, flexible capital to support private sector growth and innovation.



4
Hear from our Chairman and CEO on their views of the year.

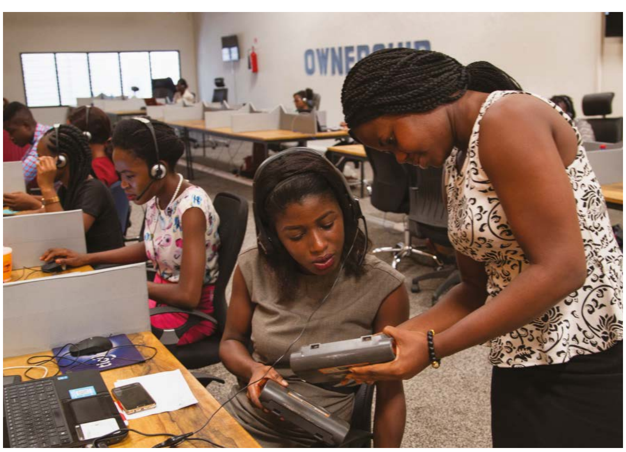
8
Our role as an investor with two objectives.

Towards a decade of action

14–39

16
How we're investing for clean and inclusive growth.

30
How we're investing to promote women's economic empowerment.



The year in numbers

40-55

48
Find out more about our impact on employment, businesses and economies.

Our culture

56

Crucial support in uncertain times

As I write, we are in the middle of a global crisis due to the COVID-19 pandemic. We don't know exactly what the human and economic impact of the pandemic will be, but we know it's likely to be significant and long term – including in Africa and South Asia.

That means our goal to support the economic stability that will enable countries to leave poverty behind has never been more important.

Even before the pandemic took hold, with just a decade until the target date for the UN's Sustainable Development Goals (SDGs), the challenge to meet the deadline was significant. In September, the UN sounded the alarm that poverty was falling too slowly, highlighting the estimated annual $2.5 trillion funding gap for the goals. Of this, an estimated $500 billion–$1.2 trillion is required annually for Africa alone.

In the face of these challenges, our determination to achieve the ambitious goals we set with our shareholder in 2017 has only strengthened. I hope you agree that this review demonstrates how, in 2019, we've been championing the SDGs in Africa and South Asia, and how our work to better understand, measure and increase development impact is getting increasing momentum.

You will read about the progress that we have made in addressing issues of gender inequality, but recent events have of course reminded us of the imperative to address structural racial inequities and biases in all of our investing activities.

We're continuing to invest in line with our 2012 strategy to narrow our regions and take on more risk, doing the hardest things in the hardest places. As a result, we've consistently forecast in public forums over recent years that our financial returns would reduce over time. Our 2019 returns demonstrate this, and it has been another challenging year for our markets. We've seen a sharp slowdown in the growth of the Indian economy largely as a result of difficulties in the country's financial sector. We've also seen a difficult environment for investment funds in Africa. However, as a long-term developmental investor, it's crucial we support the countries where we invest during uncertain times.

Given the inherent volatility of our markets, it's important to look across multiple years for trends, and we remain on track to achieve the commitments on long-term financial returns we made to our shareholder in 2012. Nevertheless, the challenge to meet these targets has been steadily increasing as all our commitments since 2012 have been made to Africa and South Asia where financial returns are lower and more volatile, and we now have a portfolio that reflects the developmental and higher-risk strategy agreed with our shareholder. I believe that the economic and social consequences of COVID-19 will make meeting our financial targets even more challenging.

Building strong partnerships and dialogues with our stakeholders remains critical if we are to achieve the scale of our ambition. Over the past year we've had numerous discussions with UK parliamentarians, civil society, and the corporate and investment sectors. We've also worked hard to support the Independent Commission for Aid Impact (ICAI) in its review, published in March 2019. Achieving development impact drives everything we do, so we welcomed ICAI's review and as a learning organisation we've committed, with enthusiasm, to addressing its recommendations.

On behalf of the Board, I would like to thank all our partners for your interest, your support and your constructive challenge. In particular I would like to thank the Secretary of State, the team at DFID and all our other colleagues across the UK Government.

Finally, I'd like to thank the Board, Nick O'Donohoe, all of ExCo, and the entire CDC staff for continuing to rise to the challenge of investing to achieve a better and more sustainable future for people in Africa and South Asia, in particular at this time of crisis.

Graham Wrigley
Chairman

"We're continuing to invest in line with our 2012 strategy to narrow our regions and take on more risk."

$2.5 trillion
The annual funding gap to meet the SDGs

$500 billion – $1.2 trillion
The annual amount estimated for Africa alone to meet the SDGs

DFIs are needed now more than ever

One of the many aspects of leading CDC that makes me proud is our record as a long-term partner to the businesses we invest in. We stand by them through both good and more challenging times.

Read more about the investments we made to increase renewable power and internet access in Nepal on p.29.

Read more about our progress on climate action on p.16 and on gender equality on p.30.

Read more about the impact of investing through our Catalyst Strategies on p.46.

At the very beginning of 2019, I visited Kenya. The visit – to mark our 70th anniversary – came days after the dreadful terrorist attacks in Nairobi. We went ahead with our visit to show our solidarity and commitment to the country and region. During our 70 years in Kenya we've been a committed partner, through ups and downs, because that's who we are as an investor.

Now, we're facing a challenge of a very different type and scale to the incident in Kenya. A global pandemic that will undoubtedly have a significant impact on our regions. A public health emergency that will provoke an economic emergency: in the countries where we invest, governments will be unable to provide the levels of financial support we've seen elsewhere. Now, more than ever, our role as a long-term investor will be crucial.

As our Chairman has highlighted in his statement, a challenging backdrop to our work over the last year has been the economic volatility and uncertainty faced in many countries. Despite this, it's been a year to be proud of. As we enter the decade of action to achieve the SDGs, our focus has been on maximising the development impact of our investments – supporting the companies we invest in, to help achieve a better and more sustainable future for their countries.

We've made great strides towards understanding, measuring and increasing the impact we have. During the year, we fully implemented our Impact Framework, helping us meet our commitment to improving people's lives by putting in place a process that helps us understand, harness and track positive outcomes for people and planet.

One way we can contribute to the SDGs is to invest in places where there is a shortage of mainstream investment. I was delighted we were able to build on our 2018 investment in Nepal, by making a further two investments there in 2019. First, to contribute to the financing of a hydro-electric plant which will help create over 20,000 jobs, as well as increase the country's electricity supply by one-third, providing clean, reliable power to millions of people. Second, to support the country's largest private internet-provider, which will help bring hundreds of thousands of households and small businesses online. These are pioneering investments, bringing vital services to Nepalese people and businesses, and encouraging future foreign investment.

Another way we're demonstrating the kind of bold action needed to meet the SDGs is through the investments made by our Catalyst Strategies. By taking an even more flexible approach to risk in pursuit of impact, we've been able to invest in opportunities this year ranging from a pan-African solar business, leading the way in battery storage, to an internet service provider in Myanmar, helping it connect over two million people to the internet. The lessons we're learning from previous investments are helping us find new ways to shape markets. For example, in 2019, we approved a new strategy to address the funding gap in the high-value crops sector in Africa, to connect remote and often poor populations to global supply chains.

I was pleased by our progress towards two particular goals over the past year – climate action and gender equality. Even amid the current pandemic, we know the climate emergency will remain the biggest global development challenge over the next decade. We know it will affect those in the countries where we invest the most, so you'll see examples throughout this review of the role we're playing – and planning to play – to help our markets achieve net zero emissions by 2050. On women's economic empowerment, we're continuing to be a prominent voice and convenor, working with the 2X Challenge, the Gender Finance Collaborative, and the Global Impact Investing Network (GIIN). It's only through partnerships like these that we take real steps to closing the gender gap.

To understand the challenges and opportunities in the countries where we invest, it's vital we stay close to these markets and deepen our understanding of how we can best support their economic development. In 2017 we decided to strengthen our local presence by developing key hubs and in 2019, we opened new country offices in Dhaka, Karachi and Lagos, and expanded our offices in Nairobi and Johannesburg.

We can't predict what the impact of the current COVID-19 pandemic will be in the countries where we invest, or how long it will take for markets to recover. However, we do know it means that DFIs are needed now more than ever. We will support the businesses we invest in – and their countries – through the pandemic and beyond, to recovery and prosperity.

Nick O'Donohoe
Chief Executive Officer

"As we enter the decade of action, our focus has been on maximising the development impact of our investments."

We're an investor

To support the business growth and economic stability that will enable countries to leave poverty behind.

bigbasket

5 million
orders a month

10–14%
income increase for bigbasket farmers

9,500
farmers reached

bigbasket is India's largest online grocery company. It delivers over five million orders each month – more than any local competitor – taking advantage of a rapidly growing e-commerce market. The company is also improving the lives of the 9,500 farmers it buys from across six states, many of whom are marginalised smallholders. The company provides collection centres close to farming communities, each with a full-time agronomist to offer advice. Each day, bigbasket determines the difference between the local market price and what consumers are willing to pay in the large cities, then passes on half the difference to the farmers. On average, the farmers have seen incomes rise 10–14 per cent when supplying to bigbasket.

To find out more about our investment in bigbasket, visit p.39.

MedAccess

50%
lower prices for diagnostic testing

10
African countries have introduced the technology

$50 million
up to $50 million savings for public sector purchasers in next four years

MedAccess, a wholly owned subsidiary of CDC, provides innovative social finance that expands and accelerates access to life-changing medical supplies in Africa and South Asia.

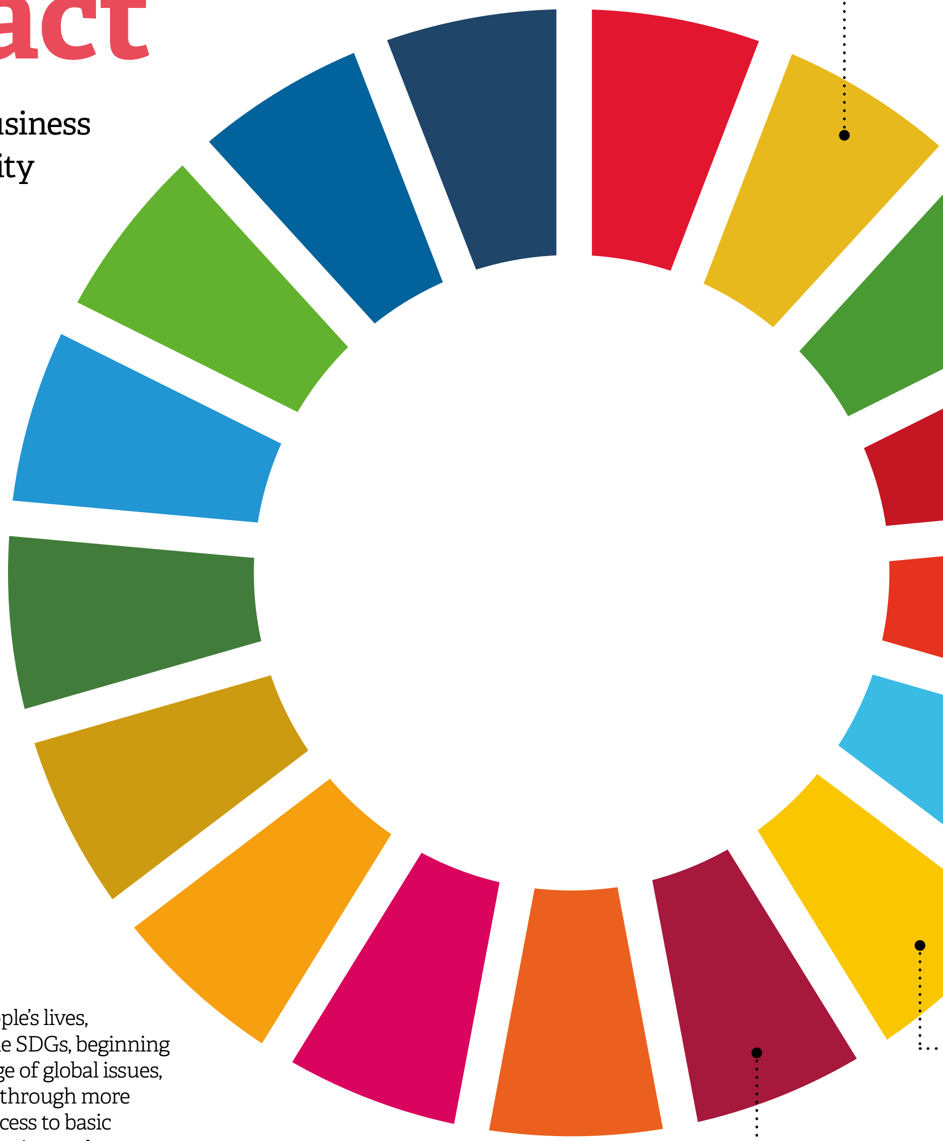
Its first pricing agreement, with medical manufacturer Hologic, enabled it to increase access and reduce prices for viral-load diagnostic testing systems, a technology critical to the lives of people living with HIV. Prices are now 50 per cent lower in some of the world's poorest countries, which could save them up to $50 million over the next four years. Ten countries in sub-Saharan Africa had introduced this technology by 2019. It's also begun to reshape the way this $400 million market works, bringing transparency to previously opaque pricing. In 2019, MedAccess followed up on this success with a second pricing agreement to bring next generation mosquito bednets to malaria-endemic countries.

To make a financial return, which we reinvest to improve the lives of millions of people in Africa and South Asia.

with two objectives

Making an impact

Our goal is to support the business growth and economic stability that will enable countries to leave poverty behind.



A commitment to the SDGs

We invest to make a lasting difference to people's lives, in line with our overall commitment to all the SDGs, beginning with Goal 1 on poverty. We target a wide range of global issues, and people experience our impact primarily through more and better jobs and opportunities (SDG 8); access to basic goods and services such as food, health, education and power (SDGs 2, 3, 4 and 7); and our action on climate change (SDG 13) and gender equality (SDG 5).

Overall in 2019, our investments made a positive difference to people's lives by:

2 ZERO HUNGER

Sourcing from
1.84 million
farmers

3 GOOD HEALTH AND WELL-BEING

Treating
12.3 million
patients

4 QUALITY EDUCATION

Teaching
477,500
students

7 AFFORDABLE AND CLEAN ENERGY

Our investments in power infrastructure generated
57
terawatt hours of electricity

8 DECENT WORK AND ECONOMIC GROWTH

Directly employing
875,790
workers

Find out more about our impact data on p.48.

Maximising the impact of each investment

As we reported in last year's Annual Review, we've designed an Impact Framework, putting in place a process that helps us understand, harness and track positive outcomes for people and planet. During the year, we fully implemented that framework and for all new investments since September 2019, we've produced an 'Impact Dashboard' before making the investment. This describes the expected impact of the investment; assesses the impact we expect to achieve against the framework; and links the impact of the investment to the SDGs.

Find out more about our Impact Framework and Impact Dashboard on p.48.

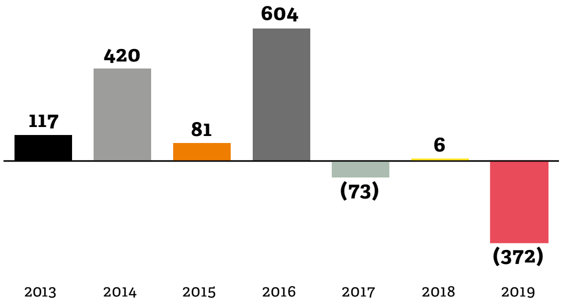
Sharing our learning

We're committed to sharing our experience and expertise with others. Our Insight reports are a series of practical and digestible lessons on the issues of private sector investment and development, based on our experiences, knowledge and research, and are aimed at investors, businesses, development professionals and those with an interest in private sector development. In 2019, we published lessons from our portfolio ranging from the impact of an online supermarket in India to the impact of off-grid fridges in Kenya. We've published evidence reviews on the impact of investing in different sectors, including financial services and power. We've also published practical guides for other investors on issues ranging from how to measure impact, to taking a responsible approach to venture capital investments.

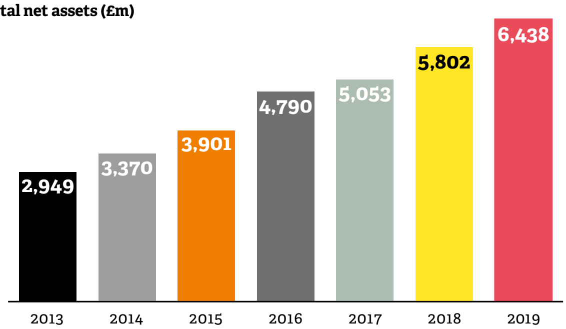
Find out more about our Insight reports at *cdcgroup.com/insight*

In the next section, pp.14-39, we highlight the action we've taken over the last year towards four specific SDGs:

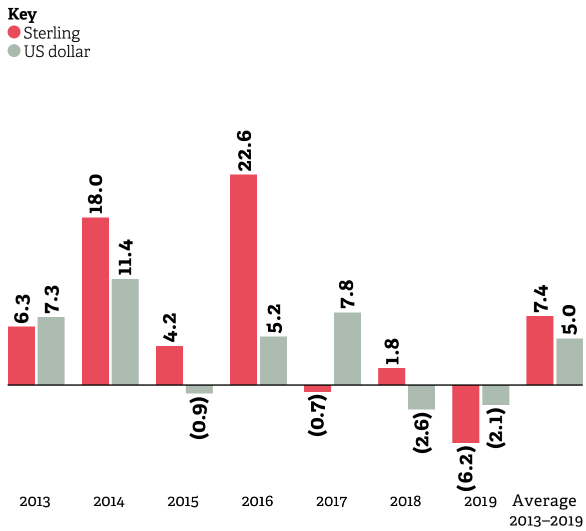
Total return after tax (£m)



Total net assets (£m)



Portfolio return (%)



Making a lasting difference

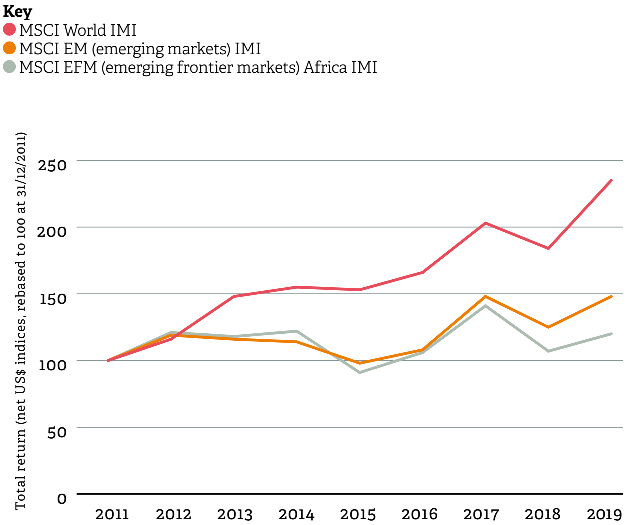
We recycle our financial returns into new investments, to improve the lives of millions of people in Africa and South Asia.

£6.4 billion
Total net assets

£4.7 billion
Portfolio

£1.66 billion
Amount committed in 2019

Financial returns in global markets vs emerging markets vs Africa



This chart compares the performance of MSCI World (developed markets), MSCI EM (global emerging markets) and MSCI EFM Africa (closest comparator for CDC's investments). Data sourced from Capital IQ in June 2020.

In 2019, we made £1.66 billion of new commitments. We increased our total net assets to £6.4 billion (£5.8 billion in 2018) and increased our portfolio to £4.7 billion (£4.3 billion in 2018). Our overall result is a total loss after tax of £371.6 million (£6 million profit in 2018), which represents a loss of 6.4 per cent on net assets this year (0.1 per cent profit in 2018). The average annual return on net assets since 2013 is 7.3 per cent. The portfolio generated a £268.6 million loss (£70.3 million gain in 2018), which represents a portfolio loss of 6.2 per cent (1.8 per cent profit in 2018). The average annual portfolio return since 2013 is 7.4 per cent.

There are two main reasons for the lower 2019 portfolio result. The Sterling result suffered from currency translation losses following an increase in the Sterling to US dollar exchange rate. Approximately 55 per cent of the reported portfolio loss in the year is attributable to this exchange rate movement. The largest contributors to the remainder of the portfolio losses in the year were volatility in India financial stocks, along with consumer and agriculture investments in Africa.

CDC is a long-term investor therefore it is important to look across multiple years for trends. While we remain ahead of our financial return hurdle (average of 3.5% since January 2012), our underlying returns are continuing to reduce in line with the public statements we have made over several years, including within these Annual Reviews. Since adopting a new, highly developmental strategy in 2012, we have indicated that the strategy would lead to lower returns and increased volatility for three main reasons:

1. Our narrower geographic mandate means that since 2012 we have made new investments in Africa and South Asia only, while selling down our legacy portfolio in places like China and Latin America. Consequently, over time our portfolio has become less geographically diverse and more focused on regions that have not performed as well and that have experienced far greater volatility (see figure to the left).
2. Currency fluctuation has a significant effect on our portfolio returns. We track our portfolio returns in both Sterling and US dollars, but as most investments are denominated in dollars it is a more representative measure of underlying financial performance. In previous years our Sterling result has been artificially boosted by the exchange rate, and as that has unwound it presents as a loss. Dollar returns have consistently been lower and are therefore more representative.
3. Our developmental strategy challenges us to seek out higher risk and do the hardest things in the hardest places. Unusually for a DFI, most of our balance sheet is equity-based. While equity can bring greater control over impact outcomes, it also brings higher financial risk. In addition, since 2017, we have been taking an even more flexible approach to risk by investing through our Catalyst Strategies to support nascent markets and to tackle persistent market failures, which brings higher financial risk in pursuit of impact.

At the time of writing, the COVID-19 outbreak has caused extensive disruption to businesses and economic activity globally. The pandemic has had no impact on our reporting of our 2019 financial performance. However, we expect extreme financial stresses across the countries and businesses where we invest in the coming months. We have taken urgent steps to preserve our portfolio by supporting our partners to weather the crisis and safeguard impact. Our response to the crisis has three areas of focus, which can be found in more detail at *cdcgroup.com/covid-19-response*.

We know our mandate exposes us to higher risks. At this time of crisis, our goal to support the economic stability that will improve the lives of millions of people in Africa and South Asia, has never been more important. We will continue to take a balanced and rigorous approach to achieving impact, returns, and managing and mitigating risk within these.

You can read our financial statements in full, and find out more about our approach to risk in our *Annual Accounts 2019*.

We're a champion of the SDGs in Africa and South Asia, aiming to achieve a better and more sustainable future.

This following section highlights our work towards four specific SDGs. It demonstrates the impact we're having on people's lives, as well as the ways we're achieving that impact, for example through innovation that shapes markets.

Towards a decade

Climate action
p.16

Decent work and economic growth
p.20

# of action

Gender equality
p.30

Partnerships for the goals
p.34

13 CLIMATE ACTION

Climate

Development is intrinsically linked to action on climate change. We will not progress towards the SDGs without a stable climate.

The countries where we invest are among the most vulnerable and the least prepared for climate change, but also offer opportunities for new net zero and resilient development approaches.

action

Investing for clean and inclusive growth

Our focus is on helping the countries where we invest to progress towards net zero emissions by 2050, in a way that is socially just and meets people's needs for prosperity and improved living standards.

£230 million
2019 climate finance commitments, up from £188 million in 2018

20%
of our total commitments have been in climate finance since 2017

13 CLIMATE ACTION

We're aligning our investment strategy with the goals of the Paris Agreement. We're supporting decarbonisation pathways in our priority sectors and countries, and investing in companies that can contribute to the changes needed to build net zero, inclusive and resilient economies.

Our approach to climate action focuses on three areas. First, we're ensuring our portfolio reaches net zero by 2050, reducing emissions across our investments, and investing in new technologies or business models that reduce emissions or remove carbon. Second, we will support a 'just transition' to a low-carbon economy by keeping job creation and skills development at the forefront of that change. Third, we're strengthening the resilience of communities, businesses and people to the effects of climate change.

In July 2019, we signed up to the Task Force on Climate-Related Financial Disclosures (TCFD) and are making our first disclosures in our 2019 Annual Accounts. TCFD is the main international framework for integrating climate change into the management systems of financial institutions and businesses, and we will be encouraging our partners to sign up too.

Our forthcoming climate strategy builds on the strong commitment we've made to climate over the last few years. A good example is the focus we've placed on renewable power projects, including supporting innovative renewables projects in 'frontier' economies, such as Pakistan (see case study, opposite).

Building resilient infrastructure in Pakistan

Pakistan has an estimated electricity shortfall of 6,000 MW at peak times and suffers regular power blackouts that affect millions of people and businesses.

2019 saw us invest in three 50 MW wind farms in Pakistan. The projects are part of a programme of 12 wind projects across Pakistan totalling 610 MW, increasing the renewable energy generation capacity of the country by 50 per cent. The projects will avoid emissions equivalent to those of 130,000 people a year. They'll also add $19.1 million to the country's GDP and support the creation of 6,260 indirect jobs.

These investments build on an earlier investment in Zephyr Power, a renewable-energy company in Pakistan developing a 50 MW wind-power plant, which became operational in 2019. Not only does the wind farm provide power to thousands of people and businesses, but we're also supporting the business to adapt to a changing climate. It's implementing a mangrove rehabilitation programme which should provide protection from flooding, a risk due to the wind farm's tidal, coastal location.

50%
Increased renewable energy generation capacity in Pakistan

Investment type Growth Portfolio

Catalysing solar energy investments in Africa

This year we invested in Mettle Solar, a company pioneering the use of solar-power technologies, including battery storage, for businesses in Africa.

Our investment will enable a quicker uptake of cleaner and cheaper sources of electricity. It is estimated that by 2021, Mettle will help avoid greenhouse gas emissions of up to 9 million kg of carbon dioxide equivalent annually. In addition to this, it can significantly reduce electricity costs for businesses – by up to 40 per cent.

We also intend to demonstrate the commercial viability of businesses like Mettle to other financiers, and to catalyse the commercial solar market across Africa.

Investment type Catalyst Strategies

We have also established a new facility to promote and support climate-smart technologies. Our Energy Access and Efficiency Facility finances decentralised clean energy and resource-efficiency projects such as off-grid solar, water conservation and waste reduction. 2019 investments include Mettle Solar, a company pioneering the use of solar-power technologies in Africa (see case study, opposite), PEG Africa, a solar home system business in West Africa, and Roserve, a company providing wastewater treatment and recycling solutions to industrial clients across India.

Finally, we've been helping the businesses we invest in – across a range of sectors – become climate smart. For example, we've worked with an Indian paediatric and maternity hospital chain to gain 'EDGE' green-building certification for several of its hospitals – two more gained the certification in 2019 – which has helped reduce energy and water use.

Enabling a just transition to a low-carbon economy

To secure a just and inclusive transition to a sustainable, low-carbon economy, green jobs and skills development must be kept at the forefront.

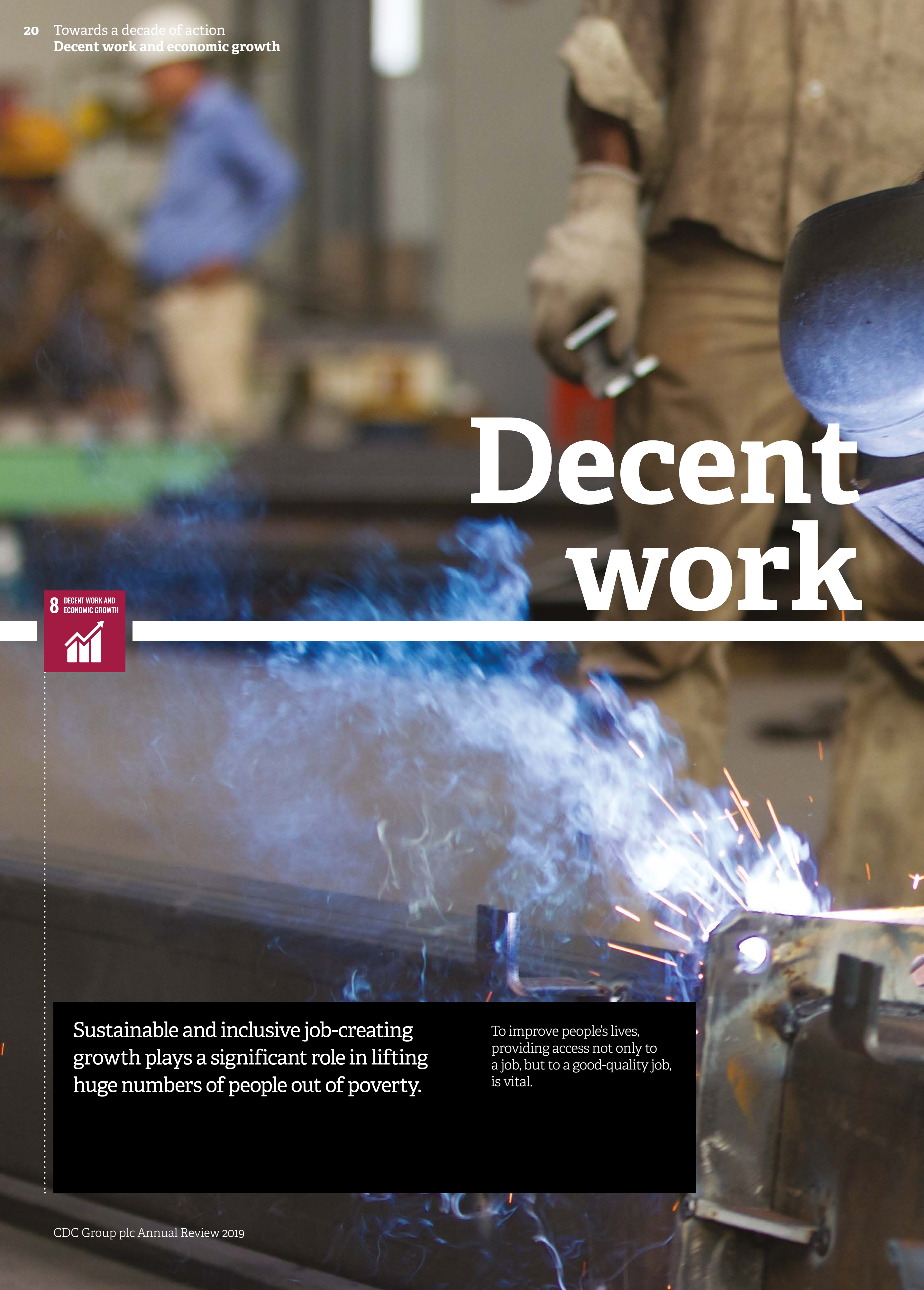
We worked with Ayana Renewable Power, an Indian solar and wind generation company, launched by CDC in 2018, on a pilot skills development programme.

The programme, run in partnership with DFID and the Self-Employed Women's Association (SEWA), provides training for potential employment in the solar park – including operations and maintenance skills, as well as digital literacy and job readiness. Recognising the challenges women face in entering employment at the solar plant, due to perceptions about their capability in that environment, the programme was specifically targeted at women.

A total of 183 people were trained, and a third of those who completed the training were recruited immediately. Following this success, the company is looking to replicate the programme when it develops other power projects.

183
Number of people trained on the pilot skills development programme

Investment type Growth Portfolio



Decent work

8 DECENT WORK AND ECONOMIC GROWTH

Sustainable and inclusive job-creating growth plays a significant role in lifting huge numbers of people out of poverty.

To improve people's lives, providing access not only to a job, but to a good-quality job, is vital.

and economic growth

Supporting livelihoods

Since 2012, we've been building a better understanding of the impact of our portfolio on employment, particularly of where jobs are created in the wider economy.

5.9%
average annual employment growth over the past five years

875,790
direct jobs supported by our portfolio businesses

8 DECENT WORK AND ECONOMIC GROWTH

In 2019, our portfolio of businesses in Africa and South Asia provided direct jobs for 875,790 people (in full-time equivalents). Of these workers, 42,130 were new hires in 2019. This is slightly higher than the five-year average (41,208 new hires).

Over the past five years, the businesses we invest in have grown their workforce annually by an average of 5.9 per cent. This compares positively with the average growth rate of 3.4 per cent for all employees in Africa and South Asia.

The typical (median) firm in our portfolio employed 286 workers in 2019, of whom 13 would be new hires in the year.

In terms of wider economic impact, we estimate that in 2019, our portfolio companies' supply chain purchasing supported an additional 2.15 million indirect workers, and the spending of wages supported a further 1.6 million workers.

Electricity supplied by power companies in our portfolio supports an estimated 1.06 million jobs across the economy. Finally, we estimate the credit that CDC-backed financial institutions offer to businesses supports as many as 1.88 million workers across the economies of Africa and South Asia.

These indirect job numbers are all estimates, from a model we first developed in 2014. In addition, these results are down to the success of our portfolio businesses; our capital and know-how are only two reasons among many for this success. This is why we don't attribute the increase in job numbers in our portfolio to ourselves.

Improved knowledge of job creation

Understanding where and how jobs are created – particularly indirect jobs – is highly complex.

Throughout the year we have collaborated with fellow DFIs and research partners to share knowledge of, and enhance, our joint understanding of how our investments create jobs across Africa and South Asia.

This work has resulted in the 'Joint Impact Model', to be launched in 2020, a new open-access model for calculating and reporting on indirect impact (see p.51 for more information).

While creating decent jobs is imperative to reducing poverty and improving quality of life in Africa and South Asia, we also know that investing in job creation presents challenges. The full impact of investment on labour markets is hard to predict and measure, and creating jobs can conflict with the goal of raising productivity. Our Insight study, ***'How job creation fits into the broader development challenge'***, explores how impact investors and DFIs should approach these problems.

7
Number of partners involved in creating the Joint Impact Model

Building the skills companies need

We want to ensure local potential is nurtured.

There is a widening gap between the skills levels in our markets and what companies need to perform and grow. The skills gap is greatest among young people, unskilled workers, low-income people, women, and those in fragile and conflict-affected markets. Supporting skills development is crucial if we are to meet our ambitions to achieve impact in the sectors we invest in. We are seeing the need to upskill and reskill workforces in new technologies and business models as part of the COVID-19 recovery. Our focus on supporting a 'just transition' to a low-carbon economy means we're prioritising developing the skills this change will require.

That's why our work in this area cuts across much of what we do. It ranges from providing environmental and social training, to supporting the boards and management teams of portfolio businesses, to managing The Africa List, our business network for leaders in six countries across the continent.

Skills development in Myanmar

CDC Plus, our technical assistance facility, has been involved in several projects to address skills gaps in Myanmar.

The first of these involved establishing an in-house HR and training function at a fast-growing microfinance institution. We created new training materials, and the project focused on 'training the trainer' so the company was left with a stronger in-house training team and resources. The company is now able to recruit, train and retain staff more effectively – at the end of the project the business had doubled staff numbers to more than 500 employees and was serving over 75,000 clients in rural Myanmar.

We've also supported the establishment of the Myanmar Private Equity and Venture Capital Association (MPEVCA), a non-profit organisation that supports the development of the investment industry in Myanmar by providing training and nurturing the professional development of its members.

Investment type CDC Plus funded

Employing a local workforce in the Democratic Republic of the Congo

Implementing international environmental and social standards in conflict-affected areas raises significant challenges for companies.

It can be difficult to attract and hire specialists with relevant technical skills, which means businesses often rely upon expatriate international specialists. While this approach helps in the short term, it doesn't always result in direct and long-term skill development for the company or the economy.

When we invested in Virunga Energy, a hydroelectricity company in the Democratic Republic of the Congo, we supported the company to develop its own Congolese Environmental and Social (E&S) team, to create local employment and build long-term skills. Working with the company, we designed a bespoke programme to train local staff to better identify and manage key environmental and social risks, based on the needs and priorities of the business. Over the course of the programme, we delivered around 600 hours of training to the Virunga Energy team.

The new E&S team has had a positive impact. Engagement with the local community has improved, and the team's new skills mean that the company can better analyse and manage the environmental and social aspects of its projects.

Investment type Growth Portfolio, CDC Plus funded

Ensuring good working practices

Our activity to ensure decent work ranges from tackling exploitation such as modern slavery, through to helping employers strengthen their HR capacity to better support their employees.

8 DECENT WORK AND ECONOMIC GROWTH

Our ambition is to partner with companies to go beyond compliance where possible. We're focusing this broader effort on decent work on four areas – building worker voice and representation, protecting invisible workers, strengthening HR capacity, and supporting inclusion and progression.

However, we always begin by including strong labour rights and good health and safety requirements in all our investments, as defined in our Code of Responsible Investing. Achieving even these standards can be challenging in countries with weak labour and health and safety practices, and where good-quality infrastructure and equipment are often lacking. For example, our investment in Feronia, a palm oil producer in the Democratic Republic of the Congo, which continued to be a focus of our efforts in 2019, highlights the complexity of investing in fragile and conflict-affected states. Consequently, our first step with many investments is to ensure we help businesses overcome these challenges.

The chart opposite demonstrates the scale of the challenge. Our mandate requires us to invest in countries with more challenging investment environments – those we categorise as A or B countries. These countries tend to have higher rates of severe labour risks.

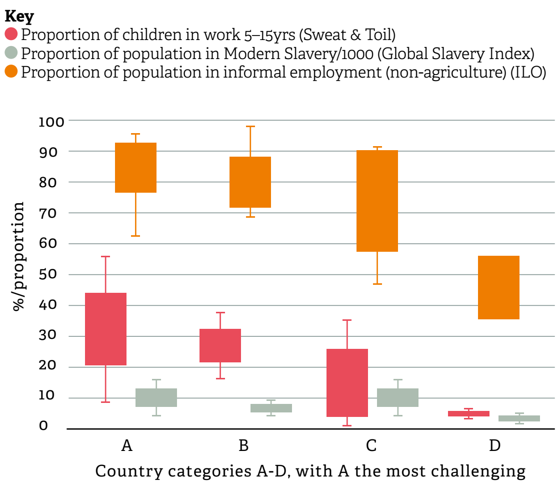
In 2019, we reviewed job-quality challenges within our 2018 investments, a year in which many of our direct investments were in greenfield infrastructure projects. The review found that the most significant obstacles related to human resources and occupational health and safety management. This was particularly the case for investees working with contractors, where they needed to, for example, ensure that workers were trained to perform their roles safely and had access to protective equipment. The review also highlighted the need to raise awareness of international standards on worker accommodation and transport among investees and to work closely with them to secure improvements over time. As a result, our focus has been to build our investees' capability to manage both their direct and indirect workforces, and develop effective grievance mechanisms to enable workers to raise concerns about their working conditions. This is especially important in infrastructure projects where it is much harder to monitor working conditions among contractors (see case study, bottom right).

We have supported other companies which had specific needs, such as our work with KELFoods, a poultry company in Malawi, where we helped them analyse water quality at the company's 17 sites. Corrective measures were identified, which the company acted on promptly, and now the workforce of 1,600 employees has safe drinking water.

We've also been looking to test and grow initiatives to help companies understand their workers' needs, so they can better support them. We've helped several companies carry out worker surveys, including Ecom Express, an Indian logistics company.

We continue to run regular training programmes on environmental, social and governance matters for investors and companies, which include a focus on labour rights and job quality. In 2019, we held a five-day training programme for 80 participants from 37 different organisations. We are building on this programme with guidance on specific risks. For example, after running our training programme in Ethiopia, in 2019 we published guidance for businesses and investors on addressing social and human rights risks in the country. Drawing on a series of interviews, including with Diageo, H&M and PVH, the guidance demonstrates examples of good practice. We'll be developing this work in 2020 with a social risk workshop programme focused on fragile and conflict-affected states, with the first workshop taking place as a virtual webinar. COVID-19 will be the focus of much of our guidance and training work in 2020 – we've already responded rapidly to the crisis, offering our investees practical advice by publishing guidance in areas like job protection.

Labour risks in CDC geographies



Impact of COVID-19 on jobs

The COVID-19 pandemic has highlighted the fragility of many markets and jobs, including those in Africa and South Asia. The impact on jobs will be huge – the ILO has forecast a 10 per cent loss in working hours in the second quarter of 2020 in both Africa and Asia. The impact on the most vulnerable will be particularly severe.

Our first priority has been to try to protect jobs and to preserve the viability of our current portfolio – over 1,200 businesses that employ 876,000 people. To increase their resilience, we are providing technical assistance, company-specific liquidity and working capital to many portfolio companies. We're also sharing public guidance so that other investors can help companies protect jobs and workers during this difficult time. You can read more about our comprehensive response to COVID-19 at *cdcgroup.com/covid-19-response*.

The employment numbers in this Annual Review show the situation at the end of 2019, before the crisis hit. In 2020, we unfortunately expect to see employment in our portfolio businesses negatively impacted by the crisis. Our attention will then be on helping affected workers back into recovering businesses.

Shaping health and safety culture in Egypt

Developing a health and safety culture in large-scale infrastructure projects is critical.

41 solar power plants are being developed at the Benban Solar Park in Egypt and the project demonstrates the important role that we – and other lenders – can play in shaping this culture.

This immense project is set to become the largest solar park in the world, yet the relatively inexperienced workforce had low safety awareness, and approaches to safety differed significantly among the wide range of contractors.

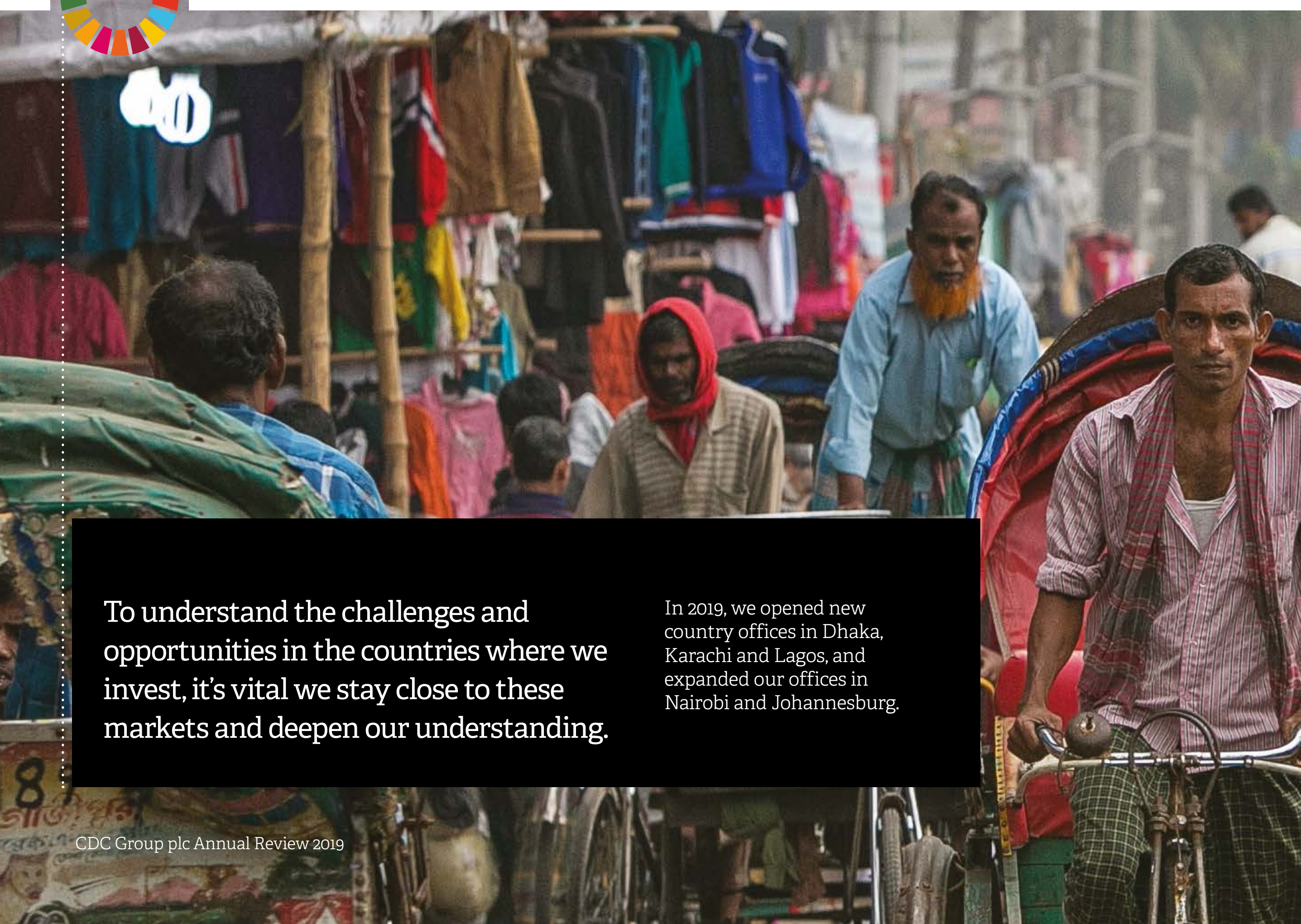
Therefore we set a goal to support the creation of a health and safety culture that went beyond an audit-based approach.

We worked with the other lenders to the project to appoint an on-site consultant with specialist knowledge in managing environmental and social risks, to build the capacity and knowledge of the project leaders as well as the contractors and workers.

Training workshops provided information and lessons on a range of environmental and social aspects – from labour and working conditions, to traffic and transport safety. The workshops provided concrete and practical tools to help participants put training into practice.

Investment type Growth Portfolio

A view from



To understand the challenges and opportunities in the countries where we invest, it's vital we stay close to these markets and deepen our understanding.

In 2019, we opened new country offices in Dhaka, Karachi and Lagos, and expanded our offices in Nairobi and Johannesburg.

our regions

A view from Africa

Tenbite Ermias
Managing Director, Africa

Businesses and investors have eyed growth in African markets with optimism for many years, but it has continually faced adverse events: global economic downturns, political uncertainty, commodity and currency volatility.

2019 was no different, and real gross domestic product (GDP) remained sluggish, although there were some bright spots with Nigeria finally signing the African Continental Free Trade Pact. Now, in 2020, perhaps the first year the continent could really make progress, we are all facing an economic shock from the impact of COVID-19.

Looking back to 2019, in the final months of the year, sub-Saharan Africa lost momentum with weakening external demand, supply disruptions and elevated policy uncertainty having an impact on major economies such as Nigeria and South Africa. Across the region, countries are suffering from elevated debt vulnerabilities. According to the International Monetary Fund, 20 sub-Saharan African countries are currently classified as having either a high risk of debt distress or being in debt distress.

However, this has not been the story everywhere. Over the year, countries such as Uganda and Rwanda saw more robust growth, especially when supported by public investment. Furthermore, the signing of the African Continental Free Trade Pact created the world's largest free trade area: a market of 1.3 billion people and a combined GDP of $2.14 trillion.

Throughout 2019, and now in 2020, many international banks and investors have been undergoing a de-risking process, retreating from the emerging markets. This has decreased the flow of hard currency to African banks that lend to local businesses to facilitate trade of goods and services, and has weakened Africa's wider trading ecosystems. We have responded to this by increasing the liquidity support we are providing through our banking partners. In October, we signed one of our largest trade finance agreements to date, partnering with Absa Bank to benefit local businesses.

For investment funds, the environment also continued to be difficult as they struggled to attract capital. Over the past year, fundraising has been largely led by development finance institutions as traditional investors and some local institutions continue to retreat. Our strategy for investing into African funds is focused on first backing teams that are addressing market challenges in an innovative way and, second, focusing on funds where there is potential to mobilise capital from commercial investors.

On the first part of that strategy, we identified investing in venture capital across the continent as a key way to back early-stage growth ventures in financially underserved markets. Our new venture capital commitments have shone a light on the local talent and innovation across the continent, such as TLcom's TIDE Africa Fund. TLcom is an early-stage venture capital investor backing high-growth ventures across sub-Saharan Africa. With a presence in the key venture capital hubs of Lagos and Nairobi, TLcom targets businesses that use technology to address challenges in important sectors of the economy such as agriculture, transportation and financial services.

As we look to the immediate future, companies that are otherwise healthy will need urgent working capital to survive this coming period. Africa's healthcare businesses are also vitally important during this crisis, providing much needed support to the continent's overstretched public sector. That's why 2020 will see us working with financial intermediaries to help provide this liquidity, and investing in healthcare businesses responding to COVID-19, as we support businesses and economies through the recovery and beyond.

A view from Asia

Srini Nagarajan
Managing Director and Head of Asia

India, Bangladesh and Pakistan are some of the fastest-growing economies in South Asia, but lag in achieving the SDGs.

They require DFI investment to help them make progress in building essential infrastructure, providing credit for households and firms, and providing basic goods and services to achieve economic prosperity. Nepal and Myanmar, our other focus countries in the region, show a positive economic outlook with growing private sectors, but continue to have challenges, for example in the business environment and climate-related crises.

We expect the current COVID-19 crisis to have a severe impact on lives and livelihoods in the region, and to cause fundamental changes in the way businesses operate. The World Bank predicts that South Asia will experience its worst economic performance in 40 years, with disappearing service-sector jobs and a rise in food prices. Overall, regional GDP growth is expected to fall to a range of 1.8–2.8 per cent in 2020, from the 6.3 per cent projected six months ago. This is also expected to result in severe inequality and to wipe out gains made in reducing poverty in the last few decades.

Over $2 billion of our portfolio is in the region. We've significantly grown our presence and commitment here over the last year, adding both new offices and staff.

We're creating advisory committees in the countries where we invest, starting with Pakistan, to draw upon the experience of local experts, and to maximise our contribution to economic development.

In October 2019, our Board visited Bangladesh , emphasising our commitment to the whole region. The visit coincided with the appointment of a new Country Director based in Dhaka, establishing our presence in the country. The delegation met local businesses to further understand how our capital and collaboration can help them expand and contribute to Bangladesh's prosperity. We also announced an increased commitment to the country and made a $30 million debt investment into BRAC Bank. The capital will enable the bank to increase its lending programme to export-led businesses, to accelerate growth, increase employment and contribute to Bangladesh's economy.

Elsewhere in the region, we built on our first-ever investment in Nepal – made in 2018 to NMB Bank – with two further investments: the first in internet service provider WorldLink Communications, and the second a loan investment to the Upper Trishuli-1 hydroelectric project. Once complete, the Upper Trishuli power station will increase Nepal's electricity supply by one-third and create over 20,000 local jobs. The project reiterates our commitment to Nepal and the region, but also to the development of clean energy as we work to achieve the SDGs.

We also made our first direct equity commitment in Myanmar, with an investment in Frontiir, the country's leading internet service provider. The investment will help connect over two million people to the internet in a country where access to digital services is very low and presents a challenge for many communities and businesses.

We expect our investments in Ayana Renewable Power in India, a company initially set-up by CDC and which has now mobilised commercial capital, and in wind power projects in Pakistan will add significant renewable-energy generation in both countries. Combined, we expect this to be in the region of five gigawatts over the next three to four years, which will play an important role in both countries' transition to net zero emissions by 2050.

As I write, it is clear that while the pandemic is having a significant negative impact in the region, businesses are stepping up to play their part in the response. We're talking to existing investees who would like to adapt their operations to help with, for example, production of personal protective equipment or rapid diagnostic tests.

5 GENDER EQUALITY

Gender

Investing in women is essential for achieving inclusive growth and a sustainable future.

Besides being a fundamental human right, there is also a strong business case for gender equality; evidence shows that closing gender gaps helps companies grow.


OWNER
equality

Investment to close the gender gap

We are using our role to increase the impact of investment on women's economic empowerment.

Through the 2X Challenge and the Gender Finance Collaborative (founded and chaired by CDC), we are working with other DFIs to change the way gender is considered in private sector development. So far, the 2X Challenge has resulted in commitments of $4.5 billion from DFIs, the private sector, and other contributors including governments and foundations.

In 2019, we worked with our fellow DFIs to roll-out a common definition of what it means to invest in women. The 2X criteria help investors identify gender-smart investments, define gender investment strategies and monitor impact. We wanted to make sure this definition became an industry standard, used as widely as possible. To do this, we partnered with the Global Impact Investing Network (GIIN) to develop gender metrics, aligned to the 2X criteria, that enable investors to better measure the impact of their investments in women. These are available to the industry on GIIN's widely recognised impact measurement and management system, IRIS+.

By uniting industry approaches, we are building a clearer picture of the collective impact of gender-smart investing, which will ultimately better support women's economic empowerment.

We're proud to have shaped the criteria and metrics, and to now be adopting them. In March 2019, we backed PEG Africa, a solar home system business in West Africa, and our first investment under the 2X Challenge. PEG Africa has introduced a mentoring programme for mid-level female managers and has set specific targets to help increase the number of women in decision-making positions, as well as introducing gender-sensitive recruitment strategies.

In the last 18 months, PEG Ghana has doubled the number of women in leadership, from 22 per cent to 44 per cent. The company has also seen a 30 per cent reduction in employee turnover, with women leaving at a 14 per cent lower rate than men. PEG has also experienced better financial results: between 2017 and 2018, its revenue grew by 60 per cent.

Improving female access to banking

The financial services sector is full of opportunities to close gender gaps; not only through better representation of women in the workforce, but also by valuing women as clients by developing products and services that specifically support them.

At the same time, women have historically suffered restricted access to financial services: 75 per cent of women in South Asia don't have access to a formal bank account (vs 59 per cent of men).

We are working to address this issue with Indian bank IIFL, which has recognised that women offer significant potential as clients. There is much evidence that women are less likely to default on their loans.

Equal representation of women within the bank is an important way of catering to women as customers. We worked with the bank to develop the business case and action plan for workplace diversity and inclusion, set targets for diversity and inclusion at all levels, and implemented a women's professional development programme.

Within 18 months, the proportion of female staff grew from 19 per cent to 24 per cent and the maternity return rate increased from 35 per cent to 95 per cent.

Investment type Growth Portfolio

We are continuing to support female entrepreneurs in our markets. In May, alongside our 2X Challenge partners, we launched the Invest2Impact business competition to support the growth of high-potential, women-owned businesses in Africa. The 100 winning East African women are participating in a one-year business networking, strategy, access to finance and growth support programme. The initiative seeks to address the credit gap for women-owned small and medium-sized businesses, and reach female entrepreneurs that may otherwise face barriers in accessing investment capital.

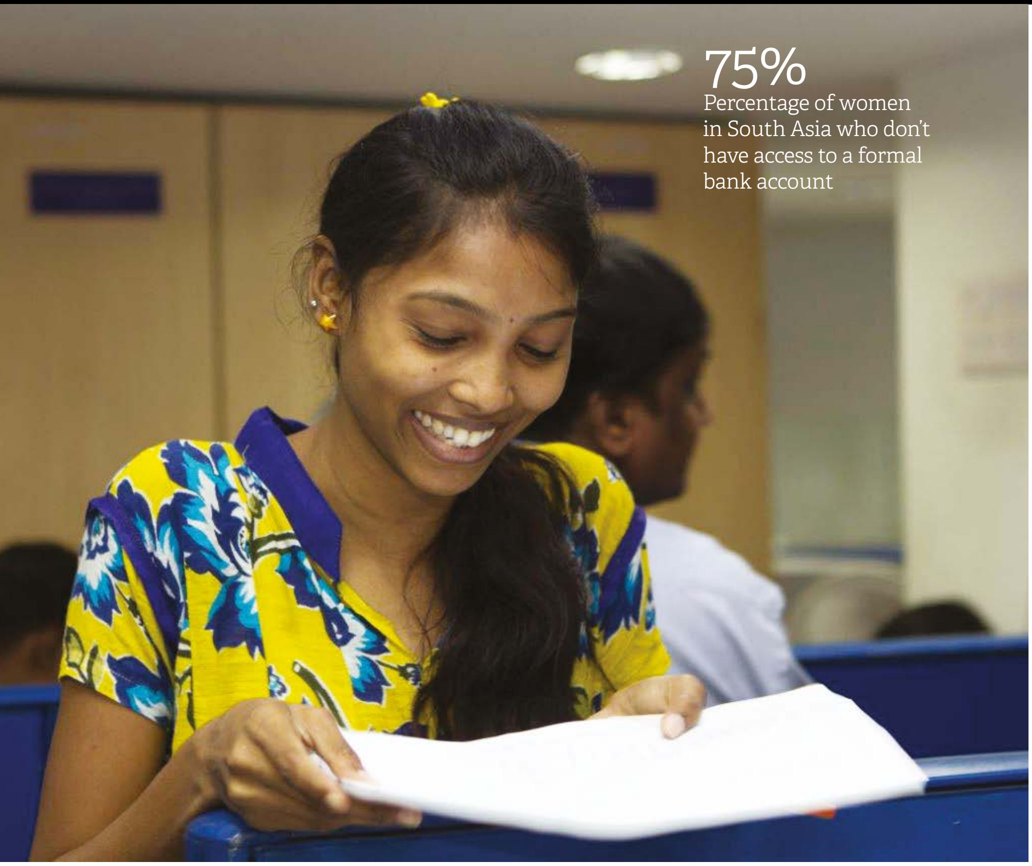
We are also committed to closing gender gaps within CDC. In 2019 we became signatories to HM Treasury's Women in Finance Charter, which aims to improve the gender balance across the UK's financial services sector.

Training women for 'non-traditional' roles

In Gabon, only 2 per cent of employees in the port sector are women. Owendo International Cargo Port, a multi-purpose port outside of Libreville operated by GSEZ, wants to change this. In the last three years, the business was only able to recruit two women in roles handling heavy equipment, such as truck drivers and crane operators, and reached out to CDC for support.

Through a CDC Plus-funded initiative, we worked with GSEZ to identify and address the barriers women face in accessing these roles, and establish the commercial case for Owendo to diversify its workforce. The initiative resulted in the recruitment of 50 women to a training programme for these non-traditional roles. We look forward to hearing more about the results in 2020.

Investment type Growth Portfolio, CDC Plus funded



75%
Percentage of women in South Asia who don't have access to a formal bank account

Partnerships for

17 PARTNERSHIPS FOR THE GOALS

The financing gap to meet the SDGs is significant; but organisations across the private and public sector are stepping up to join the effort.

We are committed to working with partners to mobilise more capital into Africa and South Asia, and to increase the impact we can have alone.

the goals

Working together to achieve more

With just a decade to go to meet the SDGs, the scale of the challenge remains significant. According to the UN, the financing gap to achieve the SDGs in developing countries is estimated to be $2.5 trillion a year. Strong private sector partnership is needed to fill the gap.

17 PARTNERSHIPS FOR THE GOALS

"We have been creating partnerships, usually with local banks, to bridge the trade finance gap and support trade undertaken by local businesses."

The good news is that as we move closer to the 2030 deadline, an increasing number of new organisations from both the private and public sectors are stepping up to join the effort to achieve positive and lasting change.

At CDC, we are committed to putting the SDGs at the centre of what we do, as we work with our partners to mobilise more capital in our markets, and generate initiatives where capital can have the greatest impact.

Our partnership work

Trade finance – typically provided by financial institutions – is crucial to the success of a developing economy. Africa's trade finance deficit is estimated by the International Chamber of Commerce at $110 billion to $120 billion – representing about 25 per cent of the demand for trade finance in Africa. The region's businesses are critical to advancing trade, yet they often face constraints in accessing finance which stagnates their growth.

We have been creating partnerships, usually with local banks, to bridge this financing gap and support trade undertaken by local businesses. In 2019, we continued to target our trade finance portfolio on economies which are largely reliant on trade, such as Nigeria and Bangladesh.

We partnered with Absa Bank – one of Africa's largest financial services groups – on a $75 million risk-sharing facility, enabling the bank to offer more loans to local businesses and smaller banks, particularly in more isolated and underserved markets across the continent. Building on this, we committed an

A path to stability for fragile states

Supporting troubled states on a path to stability and prosperity requires collaboration from a wide range of actors. The need is growing, too. By 2030, around half of the world's poorest people are projected to live in fragile and conflict-affected countries.

So, in early 2019, together with the IFC, we worked with the Blavatnik School of Government at the University of Oxford to host a forum on investing in fragile states. It addressed the difficulties of attracting investment and ways DFIs could work together more effectively – resulting in pilot programmes to increase collaboration in selected countries.

While we've experienced successes getting capital into these states, we've faced challenges too, for example, in our investment in Feronia, a palm-oil producer in the DRC. The company operates in hostile and volatile conditions, which has made progress and financial sustainability extremely difficult. We remain focused on finding a long-term solution for the company, to safeguard jobs, and improve the healthcare, education and other social infrastructure that are relied upon by the workers and surrounding population.

additional $75 million into a joint risk facility with the Eastern and Southern African Trade and Development Bank (TDB) which operates in some of Africa's most challenged countries, such as Botswana, Mozambique and Zambia.

We have also been working with our partners to overcome some of the challenges faced when incorporating good environmental and social practices into trade finance. We brought together global financial institutions such as Standard Chartered to discuss issues such as long and costly due diligence processes and the different approaches being taken in response. The group agreed to continue working together to develop a clear approach to environmental and social matters in sustainable trade finance.

Over 2019, we worked together with other DFIs on initiatives to improve the reach and impact of our work. We progressed the EDFI harmonisation initiative, a common approach to measuring economic, environmental and social impact for European DFIs.

As the global impact investment market grows, being able to measure impact is key to evaluating, and building on, results. Last year, the IFC launched the Operating Principles for Impact Management to help investors integrate impact considerations throughout the investment life cycle. We became one of the first adopters of the Operating Principles, and since the launch, 100 organisations have signed up, with global institutions such as UBS Group and Prudential joining alongside established DFIs and impact investors.

"Over 2019, we worked together with other DFIs to improve the reach and impact of our work."

A view from impact investing

Amit Bouri
Co-founder and CEO,
Global Impact Investors Network

17 PARTNERSHIPS FOR THE GOALS

Impact investing – which seeks to generate positive, measurable social or environmental impacts alongside financial returns – is not a new concept.

A group of pioneers officially coined the term in 2007, and the Global Impact Investing Network (GIIN) blossomed in 2009; but the practice of impact investing has existed for much longer.

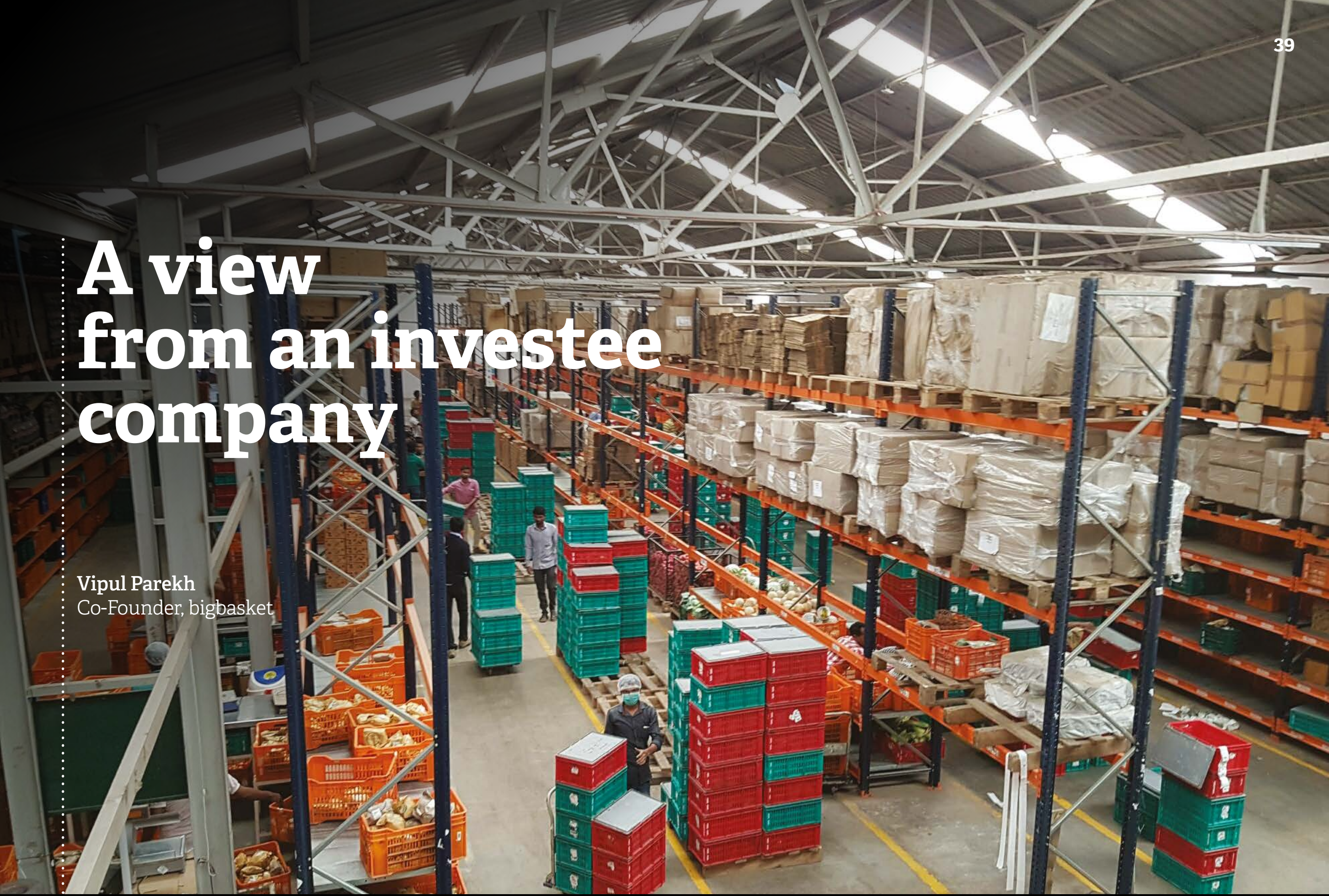
In recent years, however, both the term and the practice have become increasingly mainstream. Indeed, with just ten years left to achieve the SDGs, impact investing is now at the forefront of global efforts to create a more inclusive, more sustainable future. Sadly, big gaps remain on the path toward that future. Last year, GIIN research estimated the size of the impact investment market at $502 billion. That figure represents tremendous growth – but it is still just a tiny fraction of the global capital markets.

DFIs, such as CDC, have already been central to the growth of impact investing. DFI leadership has demonstrated the fundamental viability of the impact investing approach. The work of DFIs, building markets and deploying capital in regions underserved by commercial investors, has helped encourage other investors to make similar commitments. This strong leadership has forged a path for others to follow.

The DFI community has much to offer to mainstream investors, given the expertise, discipline and capabilities it has developed over the years. Even more importantly, DFIs have an important role to play going forward – partnering with traditional financial actors to tackle our biggest global goals, especially the SDGs.

In this time of unprecedented global challenge related to the COVID-19 pandemic, I hope that investors who have been sitting on the sidelines will move urgently towards action. Now, more than ever before, we must invest with an eye towards the more inclusive, more sustainable future we all seek. Ten years from now, I hope we can say that investing for impact has become just as normal as investing for financial return is today.

"The work of DFIs, building markets and deploying capital in regions underserved by commercial investors, has helped encourage other investors to make similar commitments."



A view from an investee company

Vipul Parekh
Co-Founder, bigbasket

2019 was an important year for bigbasket. We saw a growth in our customer base and we grew 40 per cent, boosted by the $40 million CDC invested in our business.

The capital we've received from CDC has enabled us to make changes in two significant areas.

First, we've been able to invest heavily in our delivery model, establishing 70 'dark stores' in India's ten largest cities, to keep produce closer to customers. When you move the storage closer to customers, it means more deliveries can be fulfilled on bikes, rather than via vans, which is cheaper and more sustainable for the environment. Now around 65 per cent of our deliveries are on bikes. This change also significantly improves the customer experience and increases customer loyalty as we have been able to reduce costs.

Second, with CDC's investment, we've been able to develop our agri-supply chain, working directly with around 9,500 farmers who supply our fresh fruit and vegetables. We've put in place more collection centres near major Indian cities. The farmers supply their produce to our collection centres which are run and organised by trained agronomists, who work with the farmers to provide training and support.

We've also accessed funding from CDC to undertake a training workshop, to teach our farmer suppliers about the best processes and fertilisers on organic and sustainable farming. This is helping them to become more effective in their trade and increase productivity.

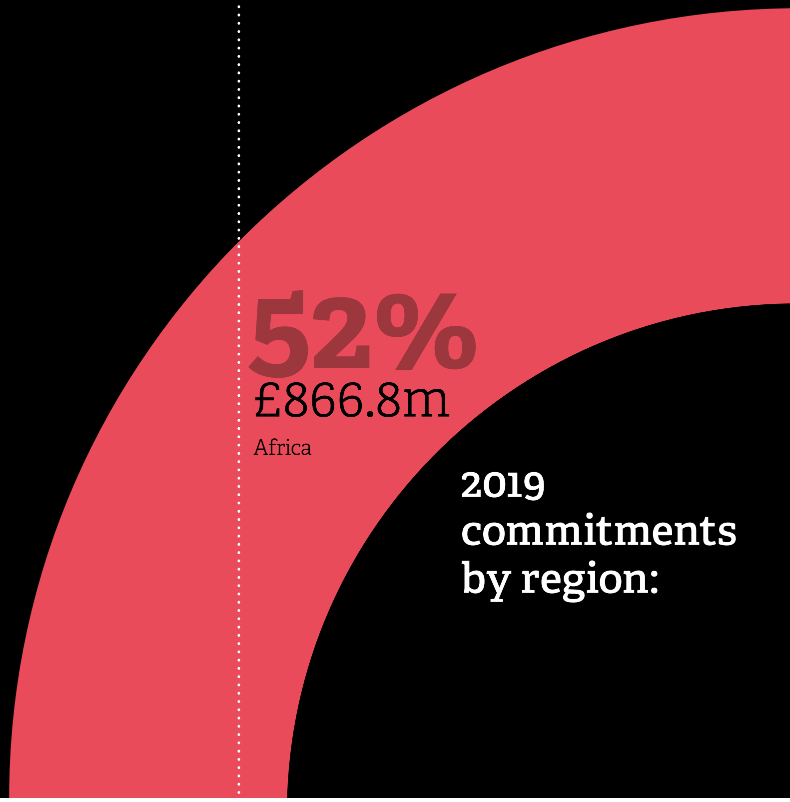
We are already seeing results as farms are becoming more sustainable and reducing waste. Currently, our waste from farm to customer is 6 to 7 per cent, compared with the market average in India of 20 to 25 per cent.

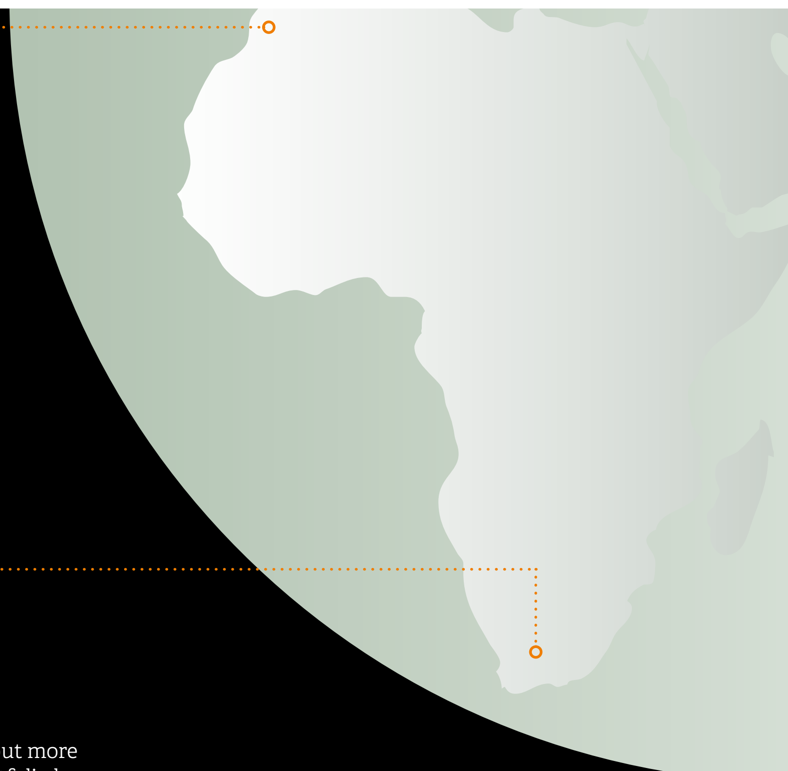
Working with CDC has enabled us to build out our supply chain and reach more customers while bringing more farmers into our network. We've been able to expand where we work and ensure that we do this as sustainably as possible.

Investing in Africa and Asia

We invest in Africa and parts of Asia because over 80 per cent of the world's poorest people live in these regions. We focus on investing in countries where the private sector is weak and the investment climate is difficult, and where jobs, essential goods and services are scarce.

Regions





Selected investments

BMCE Bank of Africa

Location *Morocco*

Partnership to expand access to finance, including in some of Africa's most-challenged countries.

Read more *p.44*

Metier Sustainable Capital II

Location *Pan-Africa*

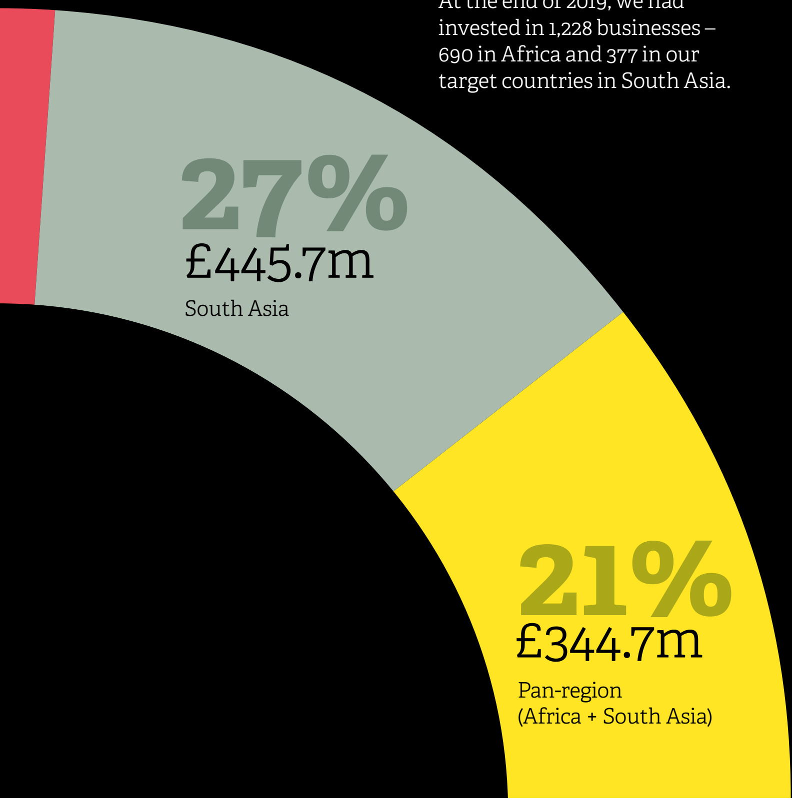
Providing growth capital to renewable power, resource-efficiency and small-scale utility projects.

Read more *p.45*

You can find out more about our portfolio by country and region at *cdcgroup.com/our-investments/key-data/*

1,228

At the end of 2019, we had invested in 1,228 businesses – 690 in Africa and 377 in our target countries in South Asia.

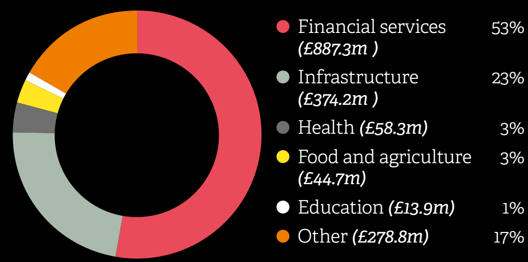


Sectors

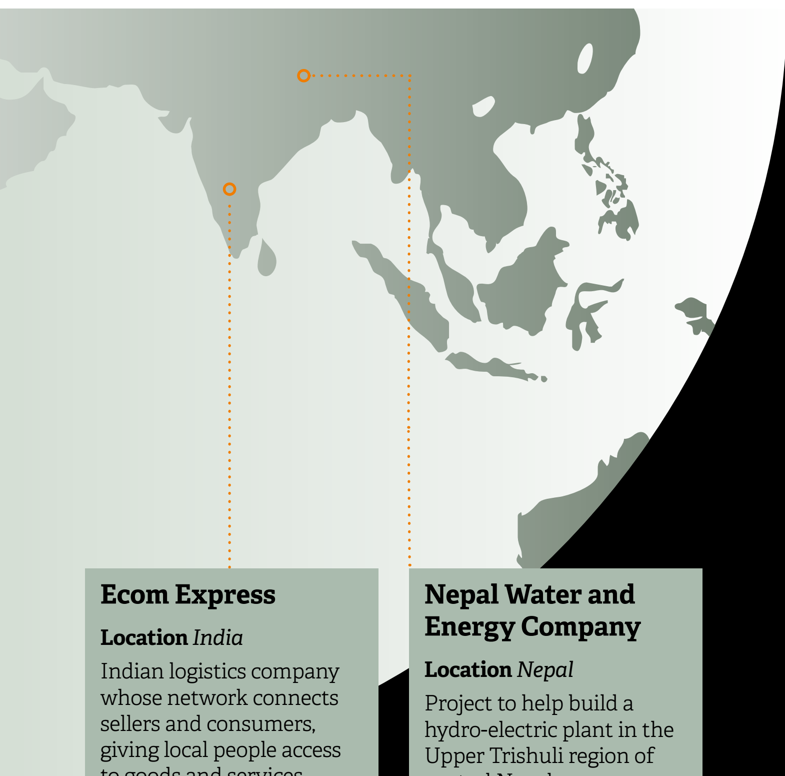
Supporting priority sectors

We invest across all sectors but prioritise those that help further development. Our seven priority sectors have the strongest potential to create the most jobs for the capital invested, and contribute towards many of the SDGs. These sectors are infrastructure, financial services, food and agriculture, health, manufacturing, construction and real estate, and education.

2019 commitments by sector:



You can find out more about our portfolio by sector at *cdcgroup.com/our-investments/key-data/*



Ecom Express

Location *India*

Indian logistics company whose network connects sellers and consumers, giving local people access to goods and services.

Read more *p.44*

Nepal Water and Energy Company

Location *Nepal*

Project to help build a hydro-electric plant in the Upper Trishuli region of central Nepal.

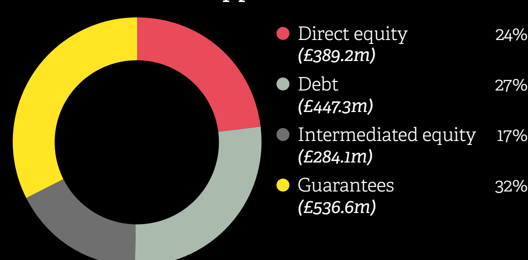
Read more *p.45*

Products

A flexible approach to providing capital

We provide capital in many ways: direct equity and debt, intermediated investments, for example funds, 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.

2019 commitments by product:



You can find out more about our portfolio by product at *cdcgroup.com/our-investments/key-data/*

This year's new investments

Direct investment commitments

Investment	(£m)	Location
Growth Portfolio		
ABSA Bank Ltd[1]	59.3	Africa, South Africa
ABSA Bank Ltd[1]	79.0	Africa, pan-Africa
Access Bank Plc	19.0	Africa, Nigeria
ACWA Power	40.4	Africa, South Africa
Ayana Holdings Limited	48.5	Asia, India
BMCE Bank of Africa	158.5	Africa, Morocco
BRAC Bank Limited	24.6	Asia, Bangladesh
Chemistry Holdings Limited	34.9	Asia, Bangladesh
Cholamandalam Investment and Finance Company Limited	43.1	Asia, India
Dr Agarwal's Health Care Limited	23.4	Asia, India
Early Power Limited	65.5	Africa, Ghana
Ecom Express Private Limited	28.8	Asia, India
Emerging World FZC	24.4	Asia, Bangladesh
Feronia Inc[2]	12.6	Africa, Democratic Republic of the Congo
Feronia Inc[2]	5.6	Africa, Democratic Republic of the Congo
FirstRand Limited MRPA	77.3	Africa, pan-Africa
Globeleq Limited[3]	34.9	Africa, Côte d'Ivoire
Globeleq Limited[3]	11.6	Africa, pan-Africa
HR Food Processing Private Limited	6.3	Asia, India
Indifi Technologies Private Limited	11.4	Asia, India
Indus Wind Energy Limited	21.3	Asia, Pakistan
Jumia	1.9	Africa, pan-Africa
Liberty Wind Power 1 (PVT) Limited[4]	21.0	Asia, Pakistan
Liberty Wind Power 2 (PVT) Limited[4]	21.0	Asia, Pakistan
Miro Forestry Company	1.2	Africa, Sierra Leone
M-Kopa	2.3	Africa, Kenya
Nepal Water and Energy Development Company	17.9	Asia, Nepal
Owendo Bulk Port	2.3	Africa, Gabon
Standard Chartered Risk Sharing Facility	307.1	Global
Supermarket Grocery Supplies Private Limited (bigbasket)	30.7	Asia, India
The Africa Power Platform PCC	2.8	Africa, pan-Africa
Trade Development Bank	58.0	Africa, Burundi
Sub-total	**1,296.6**	

1 Two investments are listed for ABSA Bank Ltd, to account for two different facilities, one a risk-sharing facility, and the other a trade finance facility.
2 Two investments are listed for Feronia Inc, one a bridge loan facility, and the other a private placement.
3 Two investments are listed for Globeleq Limited, one an investment at company level, and the other specifically for the expansion of a power plant in Côte d'Ivoire.
4 Two investments are listed for Liberty Wind Power (PVT) Limited, for two separate wind farms, both being developed by Liberty Mills, Liberty 1 Wind Farm and Liberty 2 Wind Farm. They are part of a larger project of three wind farms we have invested in, with the third wind farm being developed by Indus Group (see Indus Wind Energy Limited).

Investment	(£m)	Location
Catalyst Strategies		
Frontiir	15.8	Asia, Myanmar
Gridworks Development Partners LLP[5]	5.9	Africa, pan-Africa
Gridworks Development Partners LLP[5]	3.5	Africa, pan-Africa
Jacoma Estates Limited	0.9	Africa, Malawi
Mettle Solar Africa Limited	7.7	Africa, South Africa
PEG Africa Ltd	12.4	Africa, Côte d'Ivoire, Ghana, Mauritius, Senegal
Roserve Enviro Private Limited	7.5	Asia, India
WorldLink Communications Private Limited	8.9	Asia, Nepal
Not yet disclosable	13.9	Asia, India
Sub-total	**76.5**	
Total	**1,373.1**	

Intermediated equity investment commitments

Investment	(£m)	Location
Growth Portfolio		
Adiwale Fund I	15.5	Africa, West Africa
African Development Partners III	63.4	Africa, pan-Africa
Amethis Fund II	25.7	Africa, pan-Africa
Apis Growth Fund II	37.6	Africa and Asia
GEF South Asia Fund II	19.2	Asia, South Asia
Inspired Evolution Fund II	15.8	Africa, pan-Africa
Mediterrania Capital Fund III	22.2	Africa, North Africa
Metier Sustainable Capital II	15.5	Africa, pan-Africa
SPE Capital Africa Industrialisation Fund	19.0	Africa, North Africa
TLCom TIDE Africa Fund	11.6	Africa, Southern Africa
Verod Capital Growth Fund III	15.5	Africa, West Africa
Sub-total	**261.0**	
Catalyst Strategies		
Ankur Capital II	11.6	Asia, South Asia
Omnivore Capital Fund	11.5	Asia, South Asia
Sub-total	**23.1**	
Total	**284.1**	

5 Two investments are listed for Gridworks Development Partners, one an investment into the platform, and the other an investment by the platform into a pan-African solar company.

A selection of our investments

and their expected impact from the year.

BMCE Bank of Africa
Morocco

Access to finance in many African countries remains disproportionately low, stifling the prosperity of families, communities and economies. We formed a partnership with BMCE, a pan-African bank headquartered in Morocco, to expand access to affordable financial products and services, and promote financial inclusion for all. The bank serves over 20 countries on the continent, including some of the most economically challenged, such as Benin, Burkina Faso, Madagascar and Niger. This means it can act as a regional hub, to provide affordable finance to millions more people.

Adiwale Fund I
West Africa

In West Africa, banks and low levels of investment activity are currently struggling to meet the financing needs of SMEs, hampering their potential as engines of economic growth in the region. Adiwale Fund I invests in SMEs in the region, primarily focused on Côte d'Ivoire, Senegal, Burkina Faso and Mali. The fund is the first raised by Adiwale Partners, and we have a long-standing relationship with the founders of the fund, having provided advice on setting up environmental, social and governance structures, a business integrity team and processes, and compliance policies.

Frontiir
Myanmar

Frontiir is an internet service provider in Myanmar, and our investment is helping it connect over two million people to the internet. Despite the recent growth in Myanmar's mobile broadband penetration, access to digital services is very low and presents a challenge for many communities and businesses, particularly in rural and low-income areas. Improving access to affordable and reliable internet is central to Myanmar's development and economic growth. This is our first direct equity investment in Myanmar, and reiterates our commitment to the country.

Ecom Express
India

Ecom Express is an Indian logistics company whose network connects sellers and consumers, giving local people access to goods and services they otherwise may not have. We are supporting the business as it focuses on increasing the number of women in the workforce, moving a proportion of its distribution fleet to electric vehicles, and putting in place a safety programme for drivers and fleet operators.

For more information on all our investments, visit *cdcgroup.com/our-investments*

Malindi Solar Group
Kenya

Alongside our partner Globeleq, we're providing long-term financing to build a 52 MW solar power plant in south-east Kenya. It will provide much needed power in the Malindi area, which currently struggles with regular power shortages, widespread load-shedding, and reliance on expensive thermal plants. The power generated will support the creation of jobs through direct employment, as well as indirectly due to more consistent supply of electricity.

Metier Sustainable Capital II
Pan-Africa

Commercial finance is not currently suitable or available in sufficient quantity for renewable power and resource-efficiency projects in Africa. Metier seeks to address this financing gap and demonstrate the bankability of these business models, by providing growth capital to renewable power and resource-efficiency projects in sub-Saharan Africa. The fund will also provide much needed capital to small-scale utility projects, which struggle to attract it.

Omnivore Capital Fund
India

Our commitment to the fund will help support early-stage Indian companies in developing technology-enabled solutions for food, agriculture and the rural economy. Agriculture plays a pivotal role in economic growth and poverty alleviation in India, and demand on the sector is increasing due to India's growing population, rising income levels and evolving food habits. The fund has already invested in five high-growth businesses, including an agricultural robotics start-up that helps with issues such as weed control, insect control and disease control.

iMerit
India

iMerit is a data company that aims to bring a diverse talent pool from marginalised backgrounds into the digital workforce. Our investment is enabling the company to expand its workforce from its current level of 3,000 employees – over half of whom are women – to 10,000 employees by 2023.

Nepal Water and Energy Development Company
Nepal

We were part of a debt-financing package to help build a hydro-electric plant in the Upper Trishuli region of central Nepal. Upper Trishuli is expected to help create over 20,000 jobs in the Nepalese economy across multiple sectors. The hydro-electric plant will also increase Nepal's electricity supply by one-third from today's levels, and provide clean, reliable power to millions of people.

Shaping markets and building economies

Catalyst Strategies – lessons so far

We invest through our Catalyst Strategies to shape nascent markets and build more inclusive and sustainable economies. Over the last five years, we have been investing in markets where there are few precedents or benchmarks and we take a flexible approach to risk in exchange for pioneering impact. It's an innovative approach, and we're proud to have been able to continue to extend it over the last year.

Investments made in 2019 continued to extend our portfolio into early-stage markets. They include a pan-African solar business leading the way in battery storage; a solar home system business delivering clean energy to households in West Africa; internet service providers extending quality internet access to households and businesses in Nepal and affordable access in Myanmar; a data company that aims to bring a diverse talent pool from marginalised backgrounds into the digital workforce; and a fund that will support early-stage Indian companies in developing cutting-edge, technology-enabled solutions for food, agriculture and the rural economy.

Over the year, we reflected on what we have learned from this set of investments, testing new models and markets in our portfolio.

We've learnt that:

+ **A single investment with high impact potential can reveal broader needs within a priority sector.** An investment we made into a macadamia nut farm in Malawi led to over 1,000 people being employed and it supported over 3,000 smallholder farmers by focusing on high-value crops coupled with an out-grower scheme. This led us to launch a new strategy to address the funding gap in the high-value crops sector in Africa, with the aim of connecting remote and often poor populations to global supply chains.
+ **Investing in venture funds enables us to find innovative, inclusive businesses.** Our portfolio today includes mPharma, a digital-pharmacy platform in Africa, and Loadshare, a last-mile logistics company in India. Both are scaling up in response to the COVID-19 crisis. To further support high-impact companies like these, we created a Venture Capital Scale-Up Strategy to co-invest with fund managers supporting those businesses.
+ **Focusing on one country, with a cross-product approach, can drive impact.** We've made a cluster of investments in Myanmar across our Catalyst and Growth portfolios. Our first investments in the country, made through investment funds, gave us access to promising direct investment opportunities, and highlighted the systemic barriers to private sector development that we're now tackling through technical assistance from CDC Plus.
+ **Catalyst investment can play an important role in energy access.** We've found we can have an impact on a major developmental challenge such as access to clean energy by developing coordinated investment tools that target both off-grid and grid extension opportunities. We've learnt that companies in the off-grid solar sector have a need for local currency debt, which we're addressing through our Energy Access and Efficiency Facility. The facility is also tackling the climate challenge through energy, waste and water-efficiency investments. At the same time, Gridworks, a company we established in 2018, is investing in electricity transmission and distribution across Africa, to address the failures in that market.

Investments made through our Catalyst Strategies in 2019 are listed on p.43.

Further information about individual Catalyst Strategies is at *cdcgroup.com/catalyst*

Providing technical assistance to make a lasting difference

Further information is at *cdcgroup.com/cdc-plus*

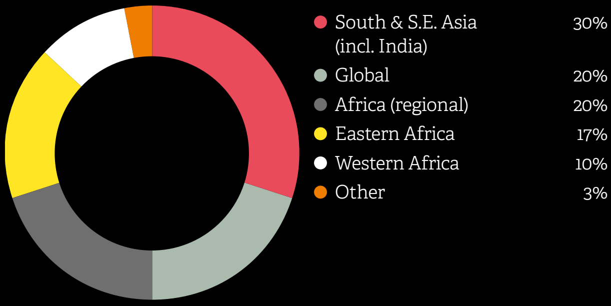
CDC Plus

Like many other DFIs, we have recently introduced a technical assistance facility to support investees to achieve even more impact. Through CDC Plus, we provide technical assistance to make a lasting difference to the lives of underserved groups. Using our experience as an investor in emerging markets, we identify and create opportunities that are beyond the scope of returnable capital.

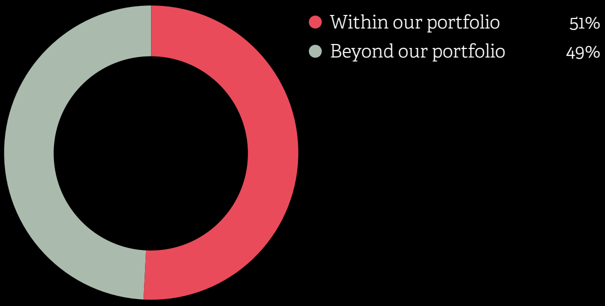
We have two areas of focus. First, we work with our investees on projects that deepen their development impact while driving commercial value. These projects focus on reaching the underserved and on our priority themes of gender equality, skills and leadership, job quality, and climate change. Second, we work beyond our portfolio to build markets in our priority sectors, and to develop programmes that shape the way investors approach our priority themes.

In 2019, we approved $19.7 million of CDC Plus funding for 30 projects. To date, within our portfolio, 64 investees have used this funding. Examples from 2019 include working with one investee company in the DRC to help it develop its own Congolese E&S team (see p.23) and with another in Gabon to help it identify and address the barriers to women accessing 'non-traditional' roles (see p.33). Beyond our portfolio, examples include a project to address skills gaps in Myanmar (see p.23).

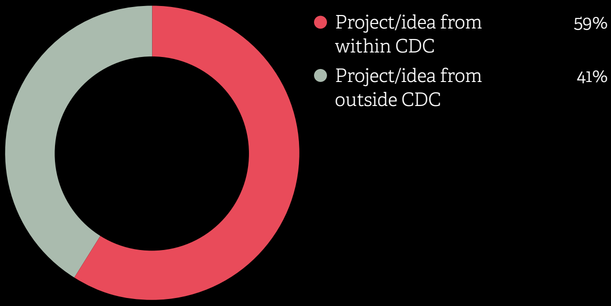
The CDC Plus portfolio continues to have a focus on Africa



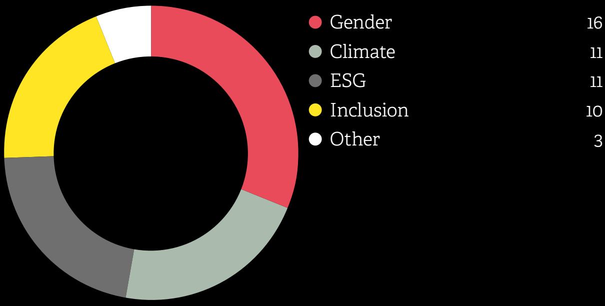
Commitments are balanced between their focus on our investees and the wider market



A significant proportion of project ideas originate from outside CDC



For those projects focused on our strategic themes, gender is the most common theme



Our approach to impact

As we reported in last year's Annual Review, we've designed and implemented an Impact Framework to provide an overarching approach to assessing and managing our impact.

Impact Dashboard

What?	The type of impact the investment is contributing to, linked to the Sustainable Development Goals.
How?	Understanding how the company contributes to impact.
Who?	Which stakeholders are reached and their circumstances prior to the investment.
How much?	How many stakeholders are reached and the degree of change they experience.
Risk	The likelihood the impact will be different than expected.
Contribution	CDC's role in achieving the impact.

The framework adopts the Impact Management Project's (IMP) five dimensions of impact (What, Who, How Much, Contribution and Risk), to which we have added 'How' to identify the channel through which our impact occurs. In addition, we've also developed sector impact frameworks for all seven of the priority sectors in which we invest. These sector impact frameworks align with our overarching Impact Framework, and – based on rigorous evidence reviews – define the likely routes to impact ('How') and the ultimate impact ('What') that we should seek in each sector.

What does that all mean for assessing the impact of each investment? For all new investments since September 2019, we've produced an 'Impact Dashboard' for each Investment Committee paper. This information is published on our website investment database and will be updated for all future investments. The new Impact Dashboard describes the expected impact of the investment against the IMP's dimensions of impact; links the impact of the investment to the SDGs; and is underpinned by the respective sector impact framework.

This approach helps us allocate resources to those opportunities where we can make the most difference. It ensures a systematic assessment of who benefits from each of our investments and by how much, as well as an in-depth understanding of how we achieve that impact. It focuses our due diligence on assessing the core areas of impact and mitigating the risks to achieving it. It also helps us consider the extent of our contribution in our investment decision-making.

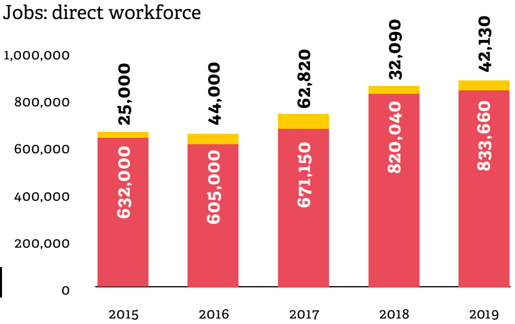
We also continue to assess our impact at a portfolio level. Since 2014, we've reported the number of jobs supported by the companies we invest in, both directly observed and indirectly estimated, as one of the main measures of our development impact. We also publish local taxes contributed and how much third-party capital we mobilise.

We know that the capital and expertise that we provide can have an impact by growing businesses in the sectors we prioritise, to reshape markets and build successful companies, so we continue to publish annual aggregate data for certain metrics in each sector.

Further information on investments at *cdcgroup.com/our-investments*

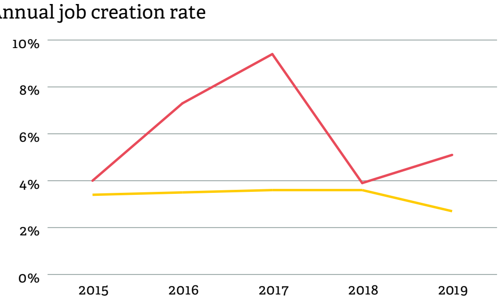
Impact on employment

Jobs: direct workforce



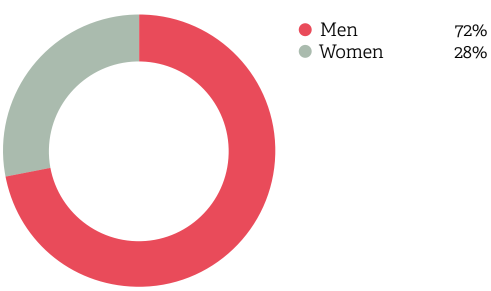
Key
- Jobs supported at start of year
- Additional jobs supported at end of year

Annual job creation rate



Key
- CDC investees' annual growth rate
- CDC geographies employees' growth rate (ILO)

Direct jobs supported by gender



Direct workers

In 2019, our portfolio in Africa and South Asia employed 875,790 workers (expressed in full-time equivalents). The typical (median) company in our portfolio had 286 workers, classifying as a medium enterprise.

We have confidence in the reliability of these numbers, reported to us annually from HR departments or by fund managers on behalf of their portfolios.

Our portfolio businesses made 42,130 new hires in 2019 (net, controlling for entries and exits from our portfolio). While annual employment growth in these businesses fluctuates significantly, the five-year average growth rate is 5.9 per cent. This compares with the background growth rate in total employees in Africa and South Asia of 3.4 per cent over the same period, according to ILO statistics.

In 2019, the rate of job growth in our portfolio recovered somewhat from its 2018 level, reaching 5.1 per cent, while the background ILO rate actually fell. Despite this average growth, in 2019 50 per cent of the businesses in the portfolio were simply maintaining or even reducing their headcount.

In 2020, we unfortunately expect to see employment in our portfolio businesses negatively impacted by the social and economic crisis of COVID-19.

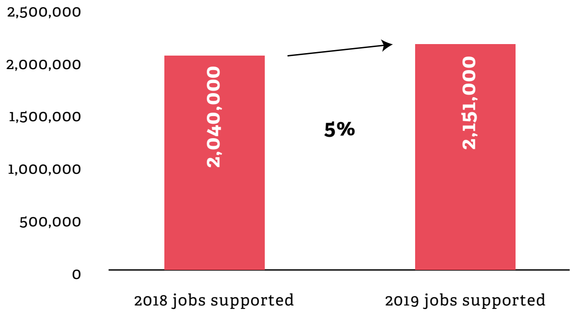
In 2019, 28 per cent of the workforce were women, disappointingly down from 30 per cent in 2018. This was caused by a fall in the proportion of female workers in our portfolio businesses in India (from 25 to 22 per cent), while the proportion of female workers in our African portfolio stayed steady at 33 per cent. This data highlights why our gender-smart investing approach is so important: it will help us to begin tackling these negative trends.

5.9%

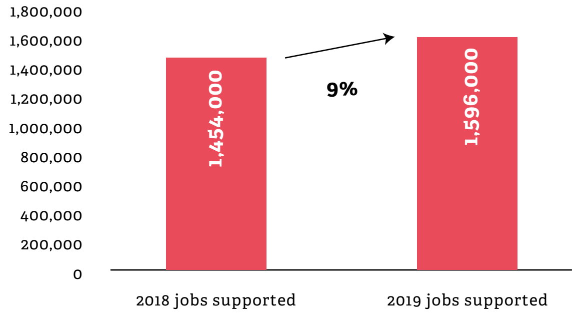
Average annual employment growth over the past five years

The jobs numbers we've reported since 2014 are a combination of direct headcount data from businesses, and our estimates of indirect jobs supported in the supply chains of firms, by the wages workers spend, and by productivity increases from the use of loans and electricity. In the results that follow, the modelling controls for entries to and exits from our portfolio. We also indicate our level of confidence for the different types of indirect jobs modelled.

Indirect jobs: in the supply chain



Indirect jobs: wages



Indirect jobs from supply chains

In 2019, our portfolio businesses purchased $9.2 billion of inputs (the 'cost of goods sold'). Where supply chain purchasing is largely domestic, for example in food processing and construction, it can generate substantial knock-on employment impacts.

We calculate purchasing from actual reported revenue from businesses (converted to US dollars using consistent exchange rates), and then estimate the percentage of local purchasing derived from sector averages from input-output tables. Our confidence level is relatively stronger in the robustness of these supply chain results.

In 2019, local purchasing is estimated to have supported 2.15 million workers in supply chains, up 5 per cent from 2018. Across the portfolio, this suggests that 3.6 jobs in the supply chain are supported for every direct worker employed (higher than the estimate of 3.3 in 2018).

Indirect jobs from wages

In 2019, businesses backed by CDC reported paying $4.4 billion in wages to employees. Wages spent by workers in supply chain companies also support economic activity. Based on household expenditure surveys, we know that the majority of wages in Africa and South Asia are spent on local consumption, with as much as half for some lower-paid workers going on food.[2]

Without more empirical evidence about how workers spend their wages, however, we assign only a moderate level of confidence to these wage-induced jobs estimates.

In 2019, we estimate that local spending of wages from CDC-backed firms and their supply chains supported almost 1.6 million jobs. This was up 9 per cent on 2018 estimates.

[2] Food Affordability in Zambia, CDC 2019.

Modelling indirect jobs

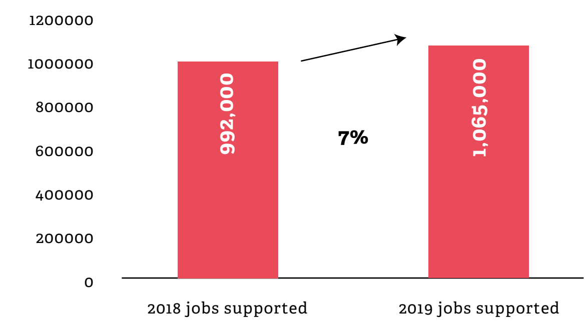
In addition to the direct employment data reported to us by businesses, we measure the estimated indirect employment supported in the supply chains of our portfolio businesses, jobs supported from the spending of wages, and economy-wide employment enabled by bank lending and electricity supply.

To do this, we have worked with other DFIs and research partners to develop the Joint Impact Model. It has required each of the DFIs to share proprietary approaches. The model uses the latest multi-country economic data from the Global Trade Analysis Project at Purdue University and employment data from the International Labour Organisation (ILO). It also benefits from the latest analysis from International Finance Corporation (IFC) of financial data from a leading commercial database, and electricity data from the International Energy Agency (IEA).[1] In 2020, the model will be made available to the impact investing community.

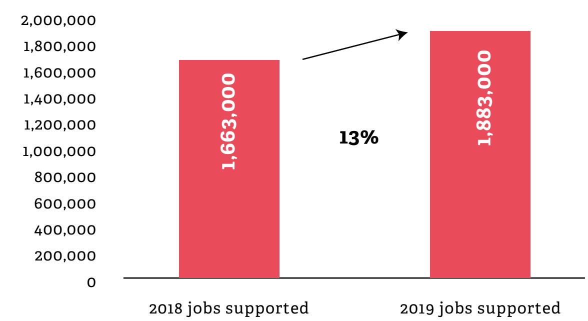
[1] As the model continuously updates itself from annually published data, and as core assumptions are refined, results for 2018 may differ, sometimes significantly, from those reported in last year's Annual Review.

Further information on the Joint Impact Model at *jointimpactmodel.com*

Indirect jobs: electricity



Indirect jobs: lending



Indirect jobs from electricity

In 2019, the electricity infrastructure we backed generated a total of 57 terawatt hours. While this would only be enough electricity to power the UK for around two months, levels of electricity consumption per person in Africa and South Asia remain extremely low: 0.4MWh per person in Bangladesh, 0.6MWh in Africa, 1.0MWh in India.[3] So this amount of electricity generation can benefit tens of millions of people.

In the Joint Impact Model, annual gigawatt hours of electricity production are equated to output in electricity-using sectors, which in turn is translated to estimates of the number of workers needed to produce this output. In many developing countries, increased supply of electricity can reduce outages but may not lead to reductions in tariffs, thus limiting the impact of the additional electricity. This is reflected in our modelling, so we have moderate confidence in the robustness of the assumptions.

In 2019, the power produced and transmitted by our portfolio of electricity companies was used by businesses supporting an estimated 1.06 million workers in 2019, up from 0.99 million in 2018, a 7 per cent increase.

[3] https://www.iea.org/countries/, accessed 18/5/20.

Indirect jobs from bank lending

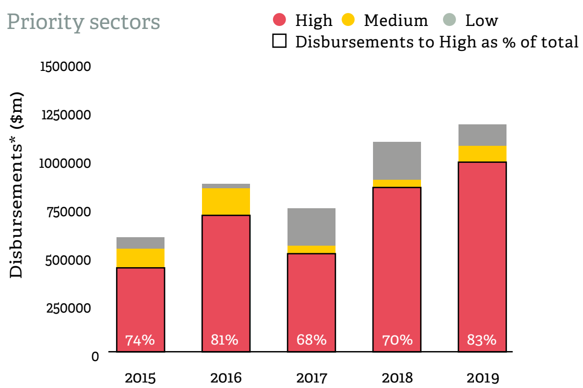
In 2019, the banks and other financial institutions we backed lent $34 billion to businesses of all sizes. This compares with our own commitments in 2019 of $2.1 billion, supply chain purchasing by firms ($9.2 billion), wages paid ($4.4 billion) and taxes paid ($3.31 billion).

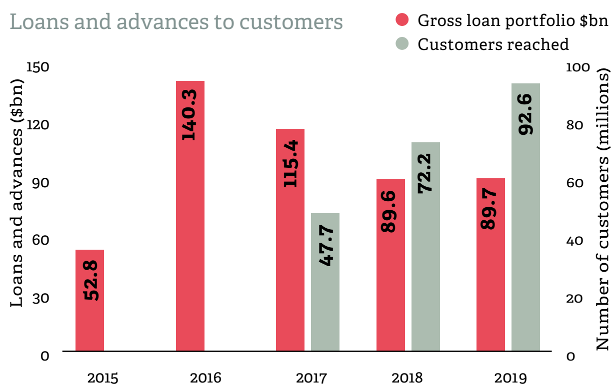
As highlighted in previous annual reviews, we continuously review our core assumptions about how borrowers use bank loans to grow their businesses. After sharing data with other DFIs, we have this year adopted a more robust estimate of the average relationship between borrowing and output growth.[4] As a result, we are now moderately confident of our estimates on jobs supported from lending to financial institutions, although more evidence will be generated in the next 18 months as independent evaluators undertake in-depth studies of the impact of financial institutions in our portfolio.

In 2019, business loans from financial institutions in our portfolio supported an estimated 1.88 million workers in borrowing companies and their supply chains. This is up 13 per cent on 2018, for the same group of lenders.

[4] We assume that $1 of lending on average converts to $0.35 of increased output at the borrower.

Impact on companies and economies





Sector impact: focusing on priority sectors

Our investment strategy directs investment towards seven priority sectors, which contribute towards many of the SDGs, including by creating decent work and economic growth.

In 2019, we disbursed almost $1 billion to high-priority sectors, with the proportion of total disbursements rising significantly from 70 per cent in 2018 to 83 per cent. This included substantial investments in infrastructure ($275 million) and financial services ($402 million).

* The graph above represents disbursements made to Growth Portfolio investments after 2012.

83%
Proportion of disbursed investments to high-priority sectors

Sector impact: financial services

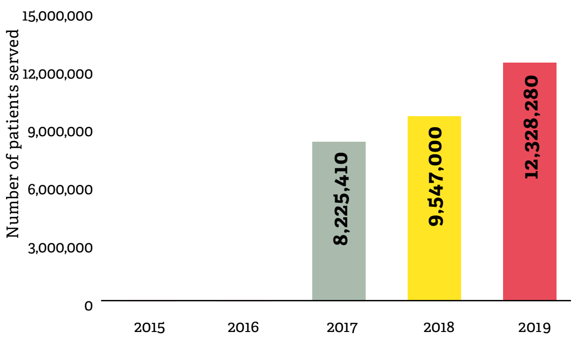
We invest to promote financial inclusion or improve performance, for example, by extending the range of financial services and products available.

In 2019, the gross loan portfolio of our financial sector investments, converted to US dollars, stood at $89.7 billion, not appreciably higher than 2018. Despite this static loan portfolio, these financial institutions served almost 93 million customers in 2019, almost double the number served in 2017.

Banks and non-bank financial institutions in our portfolio also provided work for 237,560 people, a quarter of whom (26 per cent) are women.

93m
Customers served by financial institutions in our portfolio

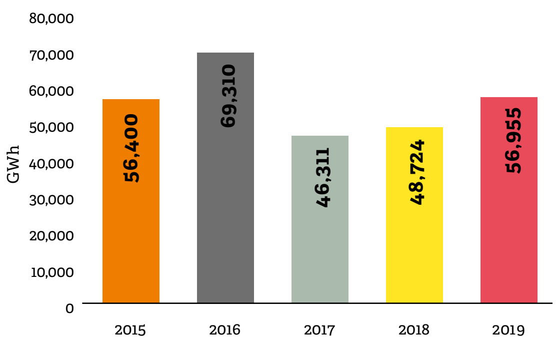
Patients served



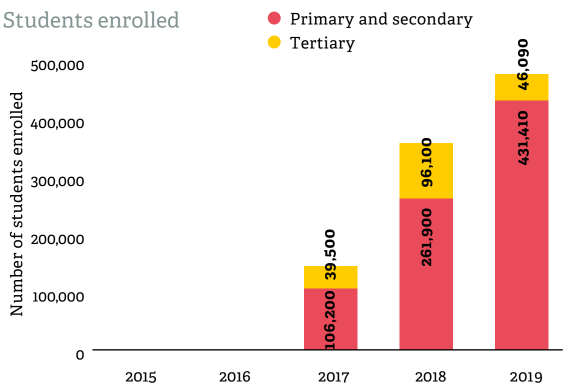
Sector impact: health

Our focus is on developing the sector and improving health outcomes. That means investing in organisations that improve healthcare quality, expand affordability and access, and enhance the workforce. Healthcare operators in our portfolio served over 12.3 million patients in 2019. Typically, outpatients outnumber inpatients by nine to one. This does not include tens of millions of customers for pharmaceutical products made by our portfolio companies or sold by clinics and pharmacies in our portfolio. In 2019, our healthcare investments also provided 87,970 jobs for healthcare workers, 36 per cent of them women).

Electricity generated (GWh)



Students enrolled



Sector impact: infrastructure

More reliable power helps businesses improve productivity, leading to economic growth and job creation. It also supports households to improve quality of life, and reduces emissions.

In 2019, our electricity investments generated and distributed almost 57 terawatt hours of electricity, up 17 per cent on 2018 and equivalent to 8 per cent of all the electricity consumed across the continent of Africa.[5]

Of the total power generated and distributed by our investments, 15 per cent was from renewable sources such as solar, wind and hydro. This is down from 18 per cent in 2018, because of increased generation from efficient gas-fired power stations in Bangladesh and Nigeria. Furthermore, it does not reflect our growing renewable energy portfolio, which now makes up 50 per cent of our energy portfolio. Since these are still in the development and construction phase, they will only begin reversing this trend when they become operational. Our infrastructure investments also provided 57,910 skilled jobs, 17 per cent of them for women, in 2019.

5 https://www.iea.org/fuels-and-technologies/electricity#data-browser, data for 2017.

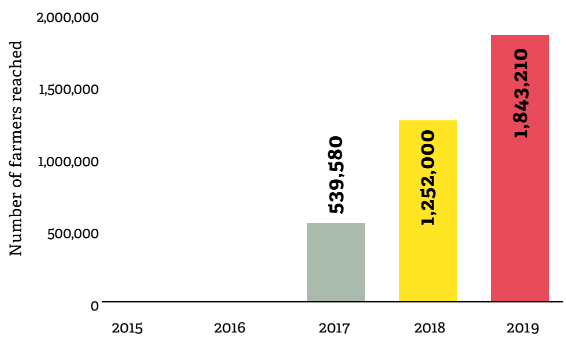
Sector impact: education

Our education investments aim to improve learning and life outcomes and to expand access. We also focus on providers who are improving workforce capability and reaching underserved parts of society.

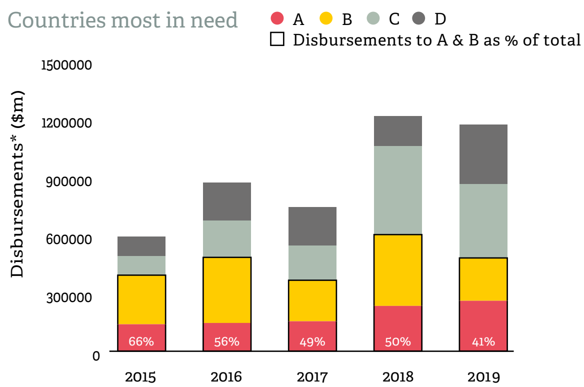
Education providers in our portfolio supported over 477,500 learners in 2019. Of these, 90 per cent were enrolled at primary and secondary education, and 10 per cent at tertiary. Our education investments also supported 36,710 teaching and support jobs, 49 per cent of them held by women. School closures due to COVID-19 are likely to impact 2020 results.

"There is no consensus on how to quantify our exact contribution to company, sector and wider economic growth, therefore we attribute the impact detailed in this section solely to our investee businesses."

Farmers reached



Countries most in need



Sector impact: food and agriculture

Our investments in food and agriculture aim to create economic opportunities; support inclusive and good-quality jobs and livelihoods; improve nutrition and food security; and improve environmental sustainability. The food and agriculture investments in our portfolio reached 1.84 million farmers in 2019, whether as suppliers of crops, livestock and timber, or as customers of inputs such as feedstock. This is three times the number of farmers reached in 2017. Our food and agriculture investments also provided jobs for 95,420 workers, 18 per cent of whom are women.

1.84m
Number of farmers reached by food and agriculture portfolio

Local economy impact: focusing on countries most in need

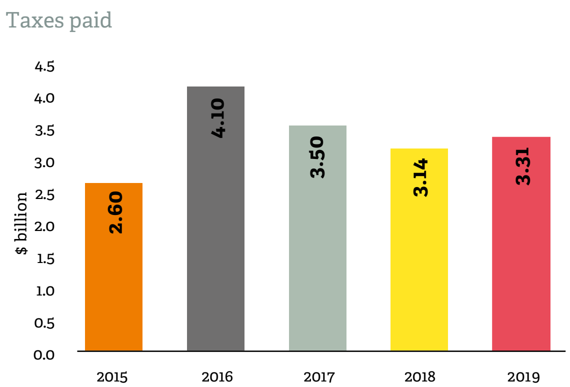
Our impact-led investment strategy directs investment towards fragile countries with low per capita incomes, small economies, low levels of investment in the private sector, and where it is hard to do business.

Guided by economists, we have graded each country and defined investment difficulty. There are four grades, A–D, with A representing the most challenging. In India, investment difficulty is calculated state-by-state.

In 2019, we invested $480.2 million into 40 hard-to-invest-in countries and the most challenging states in India (A and B categories), from better telecommunications in Kinshasa to better jobs in Kolkata. While 41 per cent of our total disbursed investments went to such countries in 2019, down from 50 per cent in 2017-18, this was still a larger absolute volume of investment than the average of 2015–18.

* The graph above represents disbursements made to Growth Portfolio investments after 2012.

$480.2m
Investments in most-challenging countries and states

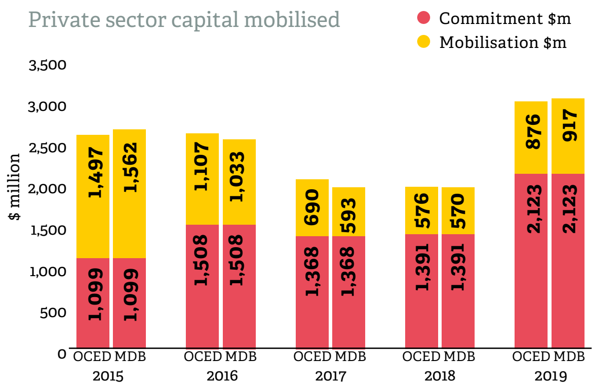


Local economy impact: taxes paid

An economy-wide indicator of impact is the tax payments firms make to governments.

In 2019, our portfolio businesses reported tax payments of $3.31 billion. This figure, somewhat higher than 2018, arrests a declining trend evident since 2016.

$3.31bn
Tax payments reported by our portfolio businesses



Capital markets impact: private sector capital mobilised

When DFIs invest in a project or company, they can encourage private sector investors to deploy capital alongside the DFI.

In 2019, our capital mobilised $876–917 million of private sector capital into our investments.[6] This meant mobilising $41–43 from the private sector for every $100 of our own commitments.

While the mobilisation ratio in 2019 remained similar to the previous year, the total amount mobilised in 2019 was significantly up on 2018. Flows of overall foreign direct investment into developing countries were essentially static in 2019.[7]

6 The range is because CDC reports against two methodologies for how to calculate mobilisation, one by the OECD (http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/mobilisation.htm) and one from multi-lateral development banks (http://documents.worldbank.org/curated/en/495061492543870701/pdf/114403-PUBLIC-PrivInvestMob-Ref-Guide-Aug-14-2017.pdf).

7 https://unctad.org/en/PublicationsLibrary/diaeiainf2020d1_en.pdf, accessed 18/5/20.

It's in our culture

At CDC, we believe it is people who make the difference. We also believe that a strong workplace culture helps to attract the right people to work here. We spent some time in 2019 defining new values to drive us forward in achieving our mission. These values describe who we are when we're at our best:

Impact-led, commercially rigorous

We're passionate about improving people's lives.
We seek to unlock potential in our people and in the markets where we work. As skilled investors, we are ambitious, honest and thoughtful about how and where we invest.

We strive to be:
– United in a common purpose
– Rigorous, disciplined and professional in our work
– Judicious in how we invest and spend taxpayers' money
– Able to bring out the best in our people and partners

Collaborative and caring

We're here to help each other succeed.
We believe in the power of community. Our diversity helps us take a wider view, generate deeper insights and better ideas. We build enduring relationships based on generosity and openness.

We strive to be:
– Empathetic and good listeners
– Open to ideas and inspiration
– Supportive of each other's efforts and successes
– Straightforward yet respectful when we challenge each other in debate and decision-making
– A place where long-term partnerships thrive

Tenacious in the face of challenges

We're determined to make a difference.
We believe we can change lives. Our work can unblock, open new opportunities, and contribute to well-functioning markets. We take calculated risks and are energised by pursuing ideas and treading untrodden paths even when we encounter uncertainty or complexity.

We strive to be:
– Patient, biding our time to make difficult things happen
– Balanced and informed in our view of risk-taking
– Creative, adaptable and nimble in how we operate
– Committed to learning every day and in every way
– Open to possibilities and opportunities

Glossary of terms

DFI	Development finance institution
DFID	Department for International Development
GDP	Gross domestic product
GW	Gigawatt
GWh	Gigawatt hours
IFC	International Finance Corporation
MW	Megawatt
SDGs	The set of Sustainable Development Goals that UN member states aim to achieve by 2030
SME	Small and medium-sized enterprise
$	All $/dollars are US dollars unless otherwise stated

Data disclaimer

Data on employment, taxes paid, mobilisation and sector metrics has been through CDC'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 CDC's investee businesses. We have received this data from our investment partners, including the fund managers that have invested our capital (and the capital of others) in these businesses. Data may be from different points in time but was requested to relate as closely as possible to year-end 2019. 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 CDC's image library of investee businesses, or have been supplied by investment partners, purchased from stock libraries, or have been taken by CDC employees on site visits. Photographers whose work is used in this publication include:

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