

FINDEV CANADA TRANSACTION SUMMARY

Alitheia

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental, social and governance (ESG) assessment performed, potential risks identified, and related mitigation measures to be implemented.



Transaction Description

The Alitheia IDF Fund ("AIF" or the "Fund"), a joint venture between Alitheia Capital from Nigeria and IDF Capital from South Africa, is a gender-smart private equity fund that identifies, invests in and grows small and medium-sized enterprises (SMEs) led by gender-diverse teams to achieve solid financial returns and tangible social impact for communities in Africa. They invest in sectors that engage a significant percentage of women, either as entrepreneurs, producers, distributors or consumers. Some of these sectors are: Agribusiness, Consumer Goods, Creative Industries, and Financial Services. AIF is expected to invest in approximately 12 high-growth SMEs with regional and pan-regional scaling potential.

Transaction Details

TARGET FUND	Alitheia IDF Fund
DOMICILE OF INCORPORATION	Mauritius
DOMICILE OF OPERATIONS	Nigeria and South Africa
TERM OF FINANCING	10 years with two one-year extensions
SECTORS	i. Agribusiness ii. Consumer Goods and Services iii. Essential Services iv. Creative industries v. financial services
IFC PERFORMANCE STANDARDS TRANSACTION CATEGORY	Category C
FINANCIAL PRODUCT	Fund Investment
TOTAL PROJECT SIZE	USD 53.2 million
FINDEV CANADA PARTICIPATION AMOUNT	USD 7.5 million
DATE OF TRANSACTION DISCLOSURE	13/05/2019
DATE OF TRANSACTION SIGNING	02/12/2019
DATE OF TRANSACTION SUMMARY PUBLICATION	TBD
2X CHALLENGE QUALIFYING	Yes

Summary of Anticipated Development Impacts

AIF's primary development impact value proposition is to support high-growth SMEs in sub-Saharan Africa using a gender-lens investing approach for improved financial and women's economic empowerment outcomes. The Fund's long-term impact goal is "Systemic economic and social change from more economically empowered women" by investing in a diversified portfolio of women-owned, women-led or womenserving companies.



MARKET DEVELOPMENT:

- **Enabling SME growth:** The Fund's mandate is to invest in locally-owned or -managed SMEs. Although SMEs create 80% of all new jobs in emerging markets, their growth is considerably hindered by a lack of finance. By 2023, it is expected that AIF will finance 12 high-growth SMEs in sectors with a high potential for job creation and economic value-addition and where women are predominant as entrepreneurs, leaders, workers and consumers. Sectors of focus will be: Agribusiness, Consumer Goods and Essential Services.
- **Supporting quality employment:** By 2029, AIF investees are expected to provide a significant number of permanent, quality jobs and contribute meaningfully in direct economic value through taxes, salaries and profits. In addition, the Fund's portfolio companies are also expected to contribute to indirect job creation and indirect economic value-add through their support of local supply chains.



WOMEN'S ECONOMIC EMPOWERMENT:

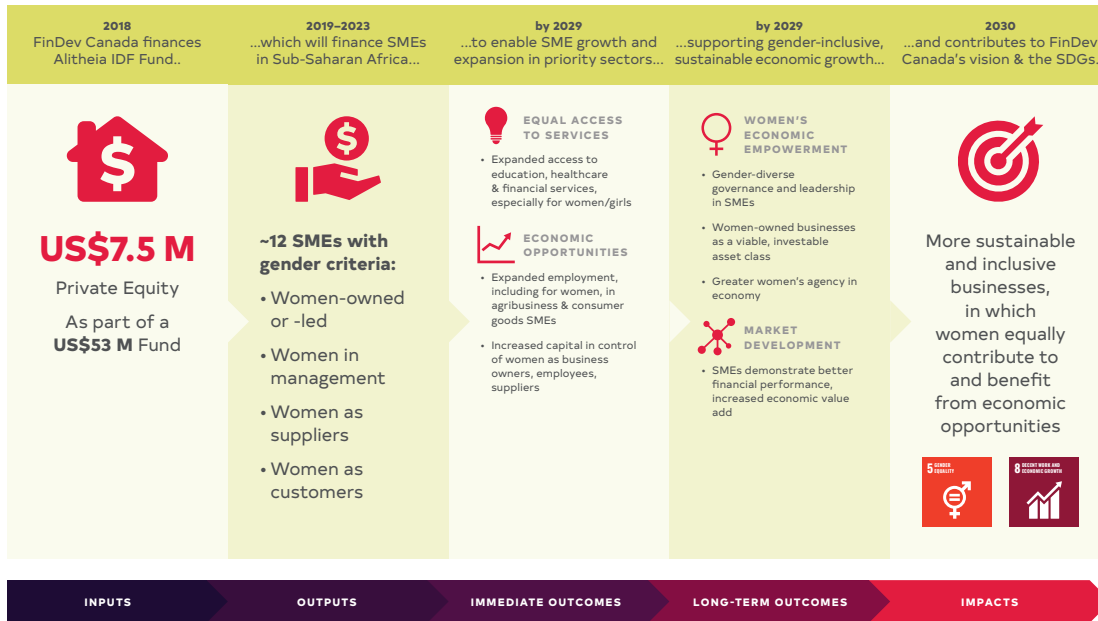
At the Fund manager level, AIF's leadership is composed of all women and the workforce are composed of primarily women teams, and the investment committee is made up of a vast majority of women.

At the portfolio level, At least half of the Fund's investees will be women-owned or women-led and AIF is committed to invest in SMEs that are aligned with AIF's criteria and to support them to increase women's representation in their leadership, management, and workforce.

Consumer goods and essential services, two of AIF's priority sectors, offer good employment and management opportunities for women. Up to 30% of AIF's investees will have at least 50% women in management, or a demonstrated strategy to do so, and more than 400 women will directly benefit from quality employment from AIF's investees. Additionally, it is estimated that AIF's agribusiness investees will create 5,000 indirect employment opportunities for women by having women-inclusive supply chains.

The Fund's investees in the essential services sector are expected to provide at least 100,000 women with access to basic services and empowerment tools such as financial services and access to education.

Theory of Change of FinDev Canada's investment in AIF



Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

The environmental and social impacts and risks of the transaction are predominantly related to those associated with the companies in which Alitheia IDF will invest. As such, FinDev Canada's environmental and social assessment focused on the Fund's Environmental and Social Management System (ESMS) and its application as it pertains to the Fund's portfolio, i.e., how the Fund intends to assess and manage the environmental and social risks and impacts related to its investments.

Broadly, the potential social and environmental impacts of the sectors in which the Fund will invest—agribusiness and consumer goods and services-- may be related to biodiversity, water use, pollution, waste management, and labour. Site specific impacts for each investment cannot be determined at this time.

The key mitigant that the Fund has put in place is the ESMS, which requires the application of international standards (e.g. IFC Performance Standards) to ensure consideration of the key environmental and social risk in the investment assessment process and appropriate mitigations. The implementation of the ESMS will be monitored on an ongoing basis by FinDev Canada.