

FINDEV CANADA TRANSACTION SUMMARY

Ecobank Transnational Incorporated (ETI)

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

Established in Togo in 1985, Ecobank Transnational Incorporated (ETI), the parent company of the Ecobank Group, is the leading pan-African banking group, present in 35 countries across sub-Saharan Africa. This investment is to support the growth of ETI, especially within low-income countries, with a focus on women-owned or led SMEs ("WSMEs") as defined by the 2X Criteria.

Transaction Details

COUNTERPARTY	Ecobank Transnational Incorporated (the "Bank", "ETI")
DOMICILE OF INCORPORATION	Togo
DOMICILE OF OPERATIONS	Sub-Saharan Africa (SSA)
TERM OF FINANCING	4 years
SECTOR	Financial Services
IFC PERFORMANCE STANDARDS TRANSACTION CATEGORY	Category FI-2
FINANCING PRODUCT	Debt
FINDEV CANADA TRANSACTION AMOUNT	USD 20 million
DATE OF TRANSACTION DISCLOSURE	28 July 2021
DATE OF TRANSACTION SIGNING	23 December 2021
DATE OF TRANSACTION SUMMARY PUBLICATION	23 March 2022
2X CHALLENGE QUALIFYING	Yes, under direct (employment) and indirect criteria (min. 30% of the loan proceeds to WSMEs)

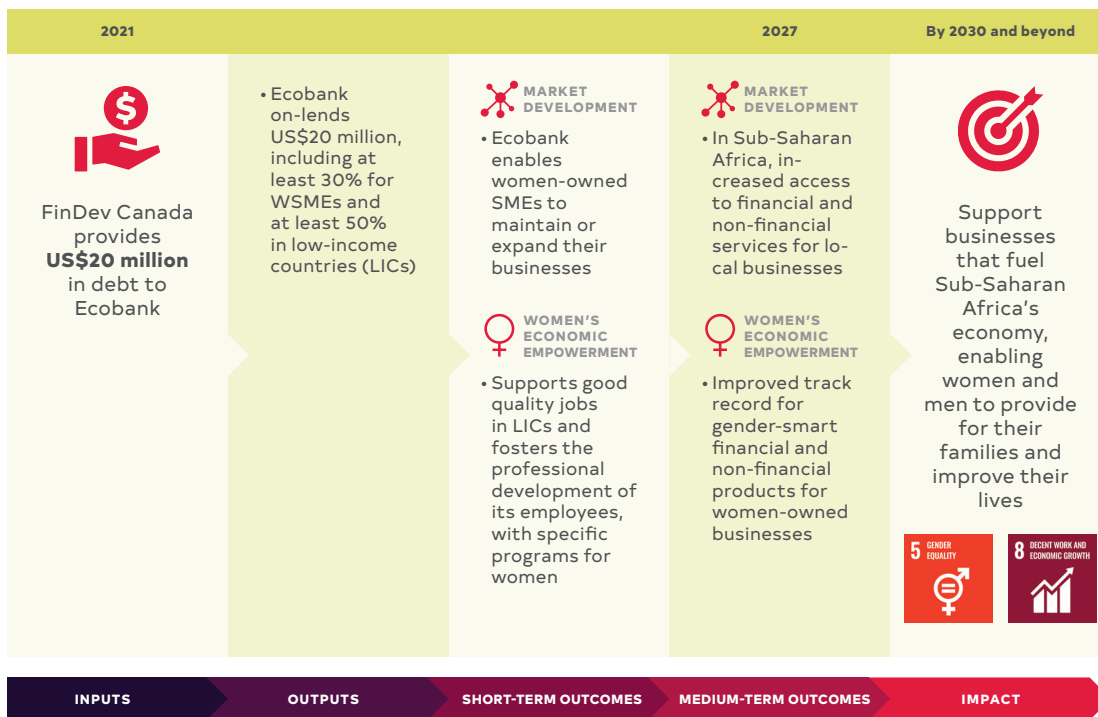
Summary of Anticipated Development Impacts

The development impact value proposition of this transaction is to provide access to financial services to businesses in SSA, including women-owned and led businesses, and to foster economic development and support local jobs. In addition, this transaction aligns with FinDev Canada's COVID-19 response strategy, which includes providing liquidity to financial intermediaries to help mitigate the economic impact of the pandemic in SSA.

The impact theory of change below summarizes how ETI will contribute to FinDev Canada's long-term development impact goals and the Sustainable Impact Goals ("SDGs"), in particular SDG 8 "Decent Work and Economic Growth" and SDG 5 "Gender Equality".

Barriers:

- More than 60% of women in Sub-Saharan Africa do not have a bank account, but 40% of these unbanked women have a mobile phone
- More than 50% of women-owned SMEs in Ecobank's top-5 countries of operation have no or limited access to financing
- Difficulty for women-owned businesses in SSA to access funding due to limited or absent credit history, and a lack of collateral





MARKET DEVELOPMENT

- **Support jobs in low-income countries:** this transaction supports a strong pan-African franchise with a presence in 18 low-income countries (“LICs”) in SSA. Additionally, at least 50% of the loan proceeds will be used in LICs.
- **Providing digital solutions:** ETI is increasing the number and reach of its digital products, including e-commerce solutions, digital payments and lending, and mobile apps. This will help the Bank to reach customers that have traditionally been underserved by financial institutions. Its flagship products such as EcobankPay, a scan and pay service that allows customers to conveniently make payments using a merchant's unique QR Code and OmniLite an online payment platform specifically designed to meet the needs of SMEs are available at no upfront or service costs. ETI is also collaborating with fintech companies to continue developing value-added products and services for its clients, such as timely digital lending solutions.
- **Expanding regional trade in Africa:** with a broad presence in 35 countries across SSA, ETI is well positioned to help businesses expand across the continent with the coming of the African Continental Free Trade Area.



WOMEN'S ECONOMIC EMPOWERMENT

- **Addressing barriers faced by women entrepreneurs in accessing funding:** ETI launched a new program called “Ellevate by Ecobank”, which is specifically designed to support women entrepreneurs and tackle gender gaps such as the difficulty for women-owned businesses in SSA to access funding. The Ellevate program includes gender-smart financial products, such as lower collateral requirements and favourable lending conditions for women, and non-financial services, including leadership training, mentorship and networking opportunities.
- **Supporting quality employment for women:** the Bank increased the number of women in its workforce from 43% in 2018 to 46% in 2019 and aims to reach gender parity in line with the African Union's 50/50 goal. In addition, ETI has a Women Development Program to increase the proportion of women in leadership positions, centered around three pillars: succession planning, leadership development and mentoring & coaching.

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

FinDev Canada considers the transaction to be Category FI-2 (equivalent to Category B and specific to financial intermediaries), as our support to ETI's existing and proposed portfolio through the FinDev Canada debt facility will include a limited number of business activities with potential significant adverse environmental or social (E&S) risks or impacts that are diverse, irreversible, or unprecedented. FinDev Canada support will not be applied to any ETI customers substantially active in the resource extraction sectors (e.g. oil and gas, mining), further limiting the potential adverse E&S impact of the transaction.

A benchmark review of ETI's E&S management capacity was completed against International Finance Corporation ("IFC") Performance Standards ("IFC PS") 1 and 2, and consisted of E&S documentation review, due diligence questionnaire directed to ETI to gather information that was not publicly available, and client meetings. An assessment of labour practices was also undertaken through a review of ETI's human resources regulations and tools. ETI has developed a fit-for-purpose environmental and social management system ("ESMS") which generally aligns with the objectives of IFC PS 1 as interpreted for financial institutions of their E&S risk category (FI-2). The ESMS is implemented by dedicated internal resources and where required, external expertise. The system includes, but is not limited to, a process to screen transactions against the ETI Exclusion List, categorization based on E&S risks, and a due diligence process designed to identify risks and mitigants. ETI conducts monitoring of asset performance, at a frequency determined by the categorization. The Bank also has in place human resource and labour management policies that are consistent with the requirements of IFC PS 2.

FinDev Canada is of the opinion that adverse environmental, social or human rights risks associated with the transaction are limited and mitigated by ETI's management capacity, and the scope and sector of investments that will be supported through the FinDev Canada debt facility. This review has been completed in accordance with FinDev Canada's Environmental and Social Policy.

An illustrative list of key documents reviewed is outlined below:

- Ecobank Group Code of Conduct
- Ecobank Environmental and Social Risk Policy and Procedure Manual (ESPPM)
- Ecobank Procedure for Addressing External Enquiries and Concerns about Environmental and Social Policy Issues
- Ecobank Human Resources Policies and Internal Regulations
- Ecobank Rules on Business Ethics
- Ecobank Exclusion List
- Ecobank Group Whistleblowing Policy

The following IFC PS were applied in FinDev Canada's assessment in addition to host country requirements and the IFC Interpretation Note on Financial Intermediaries:

- IFC PS 1: Assessment and Management of Environmental and Social Risks and Impacts
- IFC PS 2: Labor and Working Conditions