

# FINDEV CANADA TRANSACTION SUMMARY

## Adenia Capital (V) L.P.

*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

Adenia Capital (V) L.P. (the "Fund" or "Adenia V") is a Pan-African private equity fund which will provide financing and professional support for the inclusive and sustainable growth of African mid-cap businesses. Adenia V is the fifth fund managed by Adenia Partners Limited ("Adenia" or "the Manager") and it is recognized as a 2X Flagship Fund due to its commitment to women's economic empowerment.

### Transaction Details

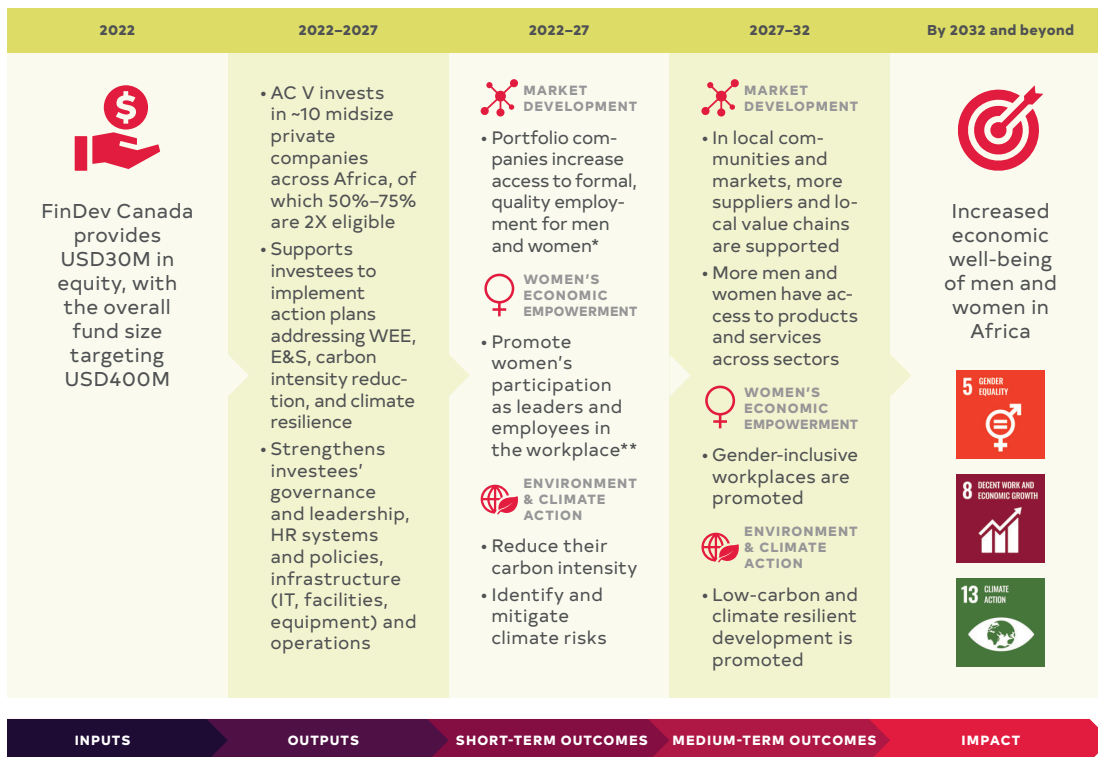
<b>COUNTERPARTY</b>	Adenia Capital (V) L.P. ("Adenia V" or the "Fund")
<b>DOMICILE</b>	Mauritius
<b>COUNTRY(IES) OF OPERATION</b>	Multiple countries across Africa
<b>TERM OF FINANCING</b>	10 years
<b>SECTOR</b>	Financial Services
<b>IFC PERFORMANCE STANDARDS TRANSACTION CATEGORY</b>	Category FI-2
<b>FINANCING PRODUCT</b>	Fund Commitment
<b>FINDEV CANADA TRANSACTION AMOUNT</b>	USD 30.0 million
<b>DATE OF TRANSACTION DISCLOSURE</b>	14 June 2022
<b>DATE OF TRANSACTION SIGNING</b>	30 September 2022
<b>DATE OF TRANSACTION SUMMARY PUBLICATION</b>	31 January 2023
<b>2X CHALLENGE QUALIFYING</b>	Yes, based on the indirect (Financial intermediaries) and direct (Leadership and Employment) criteria

## Summary of Anticipated Development Impacts

The development impact value proposition of Adenia V is to increase the economic well-being of women and men across Africa, which will be achieved by investing in and supporting portfolio companies to (i) increase access to formal employment opportunities, (ii) improve job quality, (iii) promote gender inclusion in the workplace, (iv) enhance their infrastructure and standards, and (v) implement climate mitigation and adaptation measures. This transaction will contribute to FinDev Canada's long-term development impact goals and the Sustainable Development Goals (SDGs), particularly SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 13 (Climate Action), as illustrated by the impact theory of change below.

### Development Challenges:

- 86% of employment in Africa is informal, which is a vulnerable form of employment due to lack of social protection, labor rights and poor working conditions<sup>1</sup>
- 11% of working-age women in Africa participate in the formal labour market, compared to 20% for men<sup>2</sup>
- Unemployment and informal employment are more prevalent among young women. For example, in Eastern Africa, among 15–30 year-olds, 37% of women are unemployed, compared to 23% of men



\*In ensuring and improving job quality, Adenia considers salaries being competitive and above minimum legal requirements, provision of benefits contributing to well-being, career growth opportunities, job satisfaction.

\*\*This would entail the presence of internal policies or programs, beyond legal minimum requirements, that promote women's recruitment, retention and career advancement within the workforce.



## MARKET DEVELOPMENT

- **Creating formal employment opportunities across Africa:** Adenia V will provide growth capital to mid-cap businesses (typically those with 50 to 500 employees) across Africa. In a context where 86% of employment in the continent is informal (without social protection or labor rights, and subject to poor working conditions), Adenia V's investments will generate formal and quality jobs with competitive salaries, employment benefits, career growth opportunities, and training programs.<sup>1</sup>
- **Supporting inclusive and sustainable operations:** As a signatory of the Operating Principles for Impact Management, Adenia supports portfolio companies to promote workplace diversity and make operations sustainable over time, thereby benefitting the markets and communities in which its portfolio companies operate.



## WOMEN'S ECONOMIC EMPOWERMENT

- **Adenia's 2X Flagship Fund:** As Adenia's first 2X Flagship Fund, the Manager aims for 50-75% of the Fund's portfolio companies to be 2X eligible businesses. Moreover, Adenia V will intentionally advance gender equality and women's economic empowerment by supporting each portfolio company implement a tailored gender action plan and gender policies within the first couple of years of investment. This will promote women's participation in the formal economy, important in a context where only 11% of working-age women are formally employed, compared to 20% of men.<sup>2</sup> Adenia also fosters women's representation within its team and leadership.



## CLIMATE MITIGATION AND ADAPTATION

- **Increasing investees' resilience to climate change:** Committed to responsible and sustainable growth, Adenia will support each portfolio company in reducing its carbon intensity and vulnerability to climate change through the implementation of climate mitigation and adaptation strategies. At the manager level, Adenia is committed to becoming carbon neutral on scopes 1 to 3 by 2027.

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<sup>1</sup>ILO, [Women and Men in the Informal Economy: A Statistical Picture](#), 2018

<sup>2</sup>OECD, [Africa's Development Dynamics 2021: Digital Transformation for Quality Jobs](#), 2021

## Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

The E&S risks associated with this transaction arise from the Fund's individual portfolio companies which will receive FinDev Canada funds. The majority of the Fund's existing and proposed portfolio will represent low to medium risk sectors, and is expected to include businesses with E&S risks that are site specific, generally reversible, and readily addressed through mitigation measures. Risks associated with LP commitments can be diverse and may trigger different International Finance Corporation (IFC) Performance Standards. Potential E&S risks would relate to labor and working conditions, occupational health and safety, and environmental impacts (such as the generation of waste and wastewater, among others).

The E&S risks of this transaction will be mitigated by the Fund's human resources policies and its Environmental and Social Management System (ESMS), which have been strengthened through continued cooperation with several Development Finance Institution (DFI) partners over the last two decades. Opportunities for further enhancement of these mitigants were identified during due diligence and have been captured in an Environmental and Social Action Plan (ESAP).

Adenia's corporate policies are designed to meet host country standards in the markets where it operates. It is anticipated that Adenia will maintain regulatory compliance in the markets where it functions.

This review was completed in accordance with FinDev Canada's Environmental and Social Policy.

An illustrative list of key documents reviewed is outlined below:

- Adenia V Exclusion List,
- Ethics Guideline and relevant human resources policies,
- Environmental and Social Management System, and
- Responses to E&S questionnaires.

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

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