

annual report
2020
beyond the eclipse



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Dignified lives for all

A message from Meryame Kitir, Minister of Development Cooperation and Major Cities Policy

After decades of steady decline, global poverty levels have risen in 2020. The World Bank estimates that the covid-pandemic will push more than 120 million people into absolute poverty. In Africa, up to 30 million children may be affected. Moreover, due to the limited availability of vaccines in most developing countries, an uneven recovery is looming, further exacerbated by climate change.

Now, more than ever, we need international solidarity and cooperation, tackling the causes of poverty and inequality. We're all in this together.

Within Belgium – together – BIO, Enabel and NGOs can achieve much. On a broader level, we align ourselves with our European partners and take part in Team Europe, with the aim of both the EU and its member states joining forces for collaborative support to people suffering as a result of the crisis.

Belgian Development policy is not about charity, but about cooperation to achieve lasting solutions. It's about people, not structures. In this respect, battling the effects of the covid-crisis is an extra challenge to BIO's aspiration to achieve decent, sustainable livelihoods wherever it invests. Gender and race inequality, climate change and feeding growing populations are a few others.

As an investor in cooperatives, SMEs and other private enterprises in developing countries, BIO can provide them with powerful support to overcome the crisis and achieve my sustainable development ambition. The private sector is fundamental in our fight against climate change. We need more investments in renewable energy and distribution networks to phase out polluting fossil fuels and improve access to electricity. Without electricity, nightfall entails a cessation of all productivity, preventing parents from working and kids from studying, or forcing them to use toxic kerosene lamps or depend on diesel generators, poisoning the world and endangering their own health. There's a clear opportunity and duty here for BIO, in this overdue economic and ecological transition.

"let us emphasise the role of human solidarity in building lives of dignity for all on a healthy planet. We must work together to achieve the SDGs and secure the future we want."

Ban Ki-moon

Another sector in which private enterprise is essential is agriculture. The importance of functioning agricultural value chains cannot be underestimated, both in rural and urban areas. In combination with decent work for decent wages, a considerate approach to resources and a respect for the environment, we can ensure the sustainability of this sector. Special attention also needs to be paid to smallholder farmers, often the only source of food for isolated and underserved communities.

In addition to these thematic highlights, I would like to express my appreciation for BIO's efforts in 2020 to safeguard as many jobs as possible by supporting its overseas clients to survive the crisis. It's important to remember that BIO must not just pay attention to quantity, but also to quality, and ensure both fair wages and social security for the employees of its portfolio companies.

In times of crisis, it is often the most underserved, disadvantaged and discriminated, such as women, that will suffer the hardest. I am glad to see that BIO is using a gender lens on its projects and has even tackled the sensitive topic of gender-based violence and harassment.



Meryame Kitir

Finally, I am looking forward to visiting our partner countries and to seeing how BIO, in partnership with the other development actors, can continue to have an impact on local populations. As Ban Ki-moon, former Secretary-General of the United Nations once said: "let us emphasise the role of human solidarity in building lives of dignity for all on a healthy planet. We must work together to achieve the SDGs and secure the future we want."

Beyond the eclipse

A message from Luuk Zonneveld, BIO Chief Executive Officer

Providing food packages as well as psychological assistance to some 240,000 families in Tunisia during the month of Ramadan. Expanding private hospital capacity in Uganda to treat excess patients. Making plans for vaccine production in Africa. Voluntary salary reductions and shorter working hours to avoid redundancies... These are just a few of the creative solutions BIO customers came up with to chase away the shadows of the covid-eclipse.

All over the world, 2020 will go down in history as the year of covid-19, the year the virus wrought havoc, touching the lives and loved ones of millions and obscuring the economic outlook.

31 new investments approved for a total amount of EUR 168 M and 21 investments signed for a total amount of EUR 194 M

14 Technical Assistance subsidies approved to enhance the impact of investment projects

A portfolio of 144 outstanding investments, directly responsible for 240 thousand jobs and contributing indirectly to an additional 3.1 million jobs

10 loans fully reimbursed and 1 equity investment exited

An Emergency Financing Facility of EUR 50 M created

Total investment capital reached EUR 1,062 M (+4%)

EUR 56 M capital injected by the Belgian state, of which EUR 25 M earmarked to combat climate change

BIO suffers a loss of EUR 14.6 M

First close of the SDG Frontier Fund at EUR 25.3 M and the first 4 investments signed

People and companies paid a heavy price. Losses were great, the human tragedies especially acute. That is why we at BIO took extraordinary measures to assist and support our portfolio companies and their people in mitigating the effects of this pandemic and helping them to survive the crisis.

An EDFI investment task force, established with our fellow Development Finance Institutions (DFIs), successfully coordinated our response to the emergency, issuing joint guidelines for standstills, moratoria and other crisis measures. We worked in concert with the other DFIs to negotiate adequate measures for clients in distress; we devised guidelines for them on maintaining business continuity and shared these with our fellow DFIs to distribute to their clients as well. At BIO, we established an Emergency Financing Facility to quickly provide capital; of the EUR 50 million facility, over 20% had been committed by the year's end. Thanks to these standstills, moratoria, guidelines, restructurings and capital injections, most of our portfolio companies are, fortunately, surviving the crisis.

As on-the-ground due diligence to assess new investment opportunities became impossible, we successfully explored various off-site alternatives, with local support. After a brief absence from Abidjan and Nairobi, our liaison officers returned to their stations and contributed significantly to the prospection, due diligence and preparation of new investments. Their contribution helped BIO make new commitments of EUR 168 million in 2020. This is below the original EUR 200 million target, but it is more than we expected in pandemic times.

Luuk Zonneveld



The covid-eclipse threw some tough challenges our way. Covid's economic corona is reflected in the financial results. BIO, unsurprisingly, posts a loss of almost EUR 15 M for 2020. But, despite the extremely disruptive circumstances, we discovered some rays of light and new opportunities, such as the exciting possibilities for DigiTech, especially in sub-Saharan Africa. Also, the crisis sped up the digitalisation of our internal (financial) processes and encouraged us to develop new workflows, such as carrying out due

diligence from a distance. As always, crises are excellent opportunities for – significant – change.

Since mid-March 2020, BIO's staff has been working from home, working together with its colleague DFIs and other Belgian impact investors in supporting clients to weather the covid-crisis. BIO has been contacting all of them to hear about their situation. The Business Development Support Fund provided Technical Assistance subsidies to support additional health and safety measures. BIO developed an Environmental, Social & Governance (ESG) Guidance Note to reflect best practices for the management of health and safety aspects.

As part of Team Europe's response to the covid-19 pandemic, eleven members of EDFI, the Association of European Development Finance Institutions, partnered with the European Investment Bank (EIB) to create a new, dedicated covid-19 financing initiative through the existing European Financing Partners (EFP) scheme. The EUR 280 M initiative supports financial institutions and businesses in developing countries and ensured continued business investment during the pandemic.

So, from the premises of our new, sustainable offices in Brussels' Spectrum building, let's take a look at the perspectives beyond the eclipse.



BIO colleagues visiting the new premises

BIO's long core business cycle demands a long-term vision and a strategic perspective. In 2021, BIO will continue to support its clients in the aftermath of the crisis. We will continue prospecting for new investments, in particular with the help of our local liaison officers. The crisis taught us that we can make arrangements for due diligence on a case-by-case basis; on- and off-site, using local experts or in cooperation with other DFIs.



New offices

We intend to make one-third of our new investments in private equity funds. And we will seek the second closing of the SDG Frontier Fund to enable more institutional investors to co-invest with BIO.

We took extraordinary measures to assist and support our portfolio companies and their people in mitigating the effects of this pandemic and helping them to survive the crisis.

By definition, eclipses are temporary. The light of the sun will return all the brighter after its brief absence.

Theory of change

BIO developed a new Theory of Change (ToC), a methodology for defining how its investment activities contribute to achieving social and economic development. By providing a comprehensive description of BIO's participation in the United Nations' 2030 agenda, it gives stakeholders a better understanding of BIO's activities and its contribution to the Sustainable Development Goals.

The full framework is available on BIO's [website](#).

External evaluation: combating climate change

Every year, BIO commissions an external evaluation. The 2020-2021 report assesses to what extent BIO's activities tackle climate change and minimise its effects, taking into account a gender perspective, as climate change affects the sexes differently. The study will give a better understanding of BIO's current and possible contribution to climate change resilience. It will provide concrete guidelines on how best to take climate change risks and adaptation into consideration. It will identify opportunities for reducing the vulnerability of BIO-clients to the risks of climate change, amongst others with grants from the Business Development Support Fund.

The final report is due in autumn 2021.

Ethics and integrity

BIO wishes to foster a culture of corporate social responsibility and open communication. That is why, on May 25th, 2021, BIO adopted a policy to ensure that its activities are conducted with the highest degree of ethics and integrity. The policy encompasses an updated code of conduct and integrity charter, a whistleblowing policy and the company's updated grievance mechanism.

Transparency

For BIO, public access to the information it manages is a key component of effective engagement with all its stakeholders. That is why, on May 26th, 2021, BIO's Board approved a Transparency and Disclosure Policy. Its main purpose is to define the information that is disclosed in a timely, accurate, complete, understandable, convenient and affordable manner and also to define the degree of confidentiality of the information disclosed. The policy is available on BIO's [website](#).

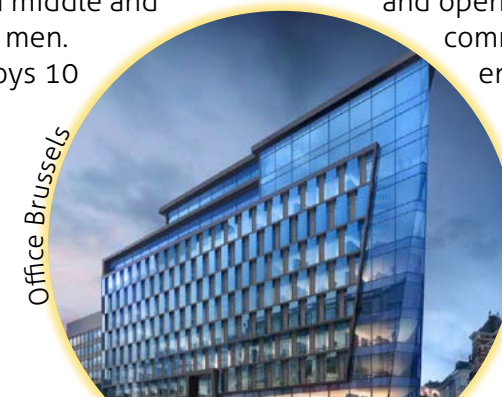
Old and new custodians

In August 2021, a new board of directors was appointed by Royal Decree. The new president is Ms Géraldine Georges, the new vice-president Mr Pieter Verhelst. The other members of the new board of directors are: Ms Samira Bersoul, Mr Jean-Christophe Charlier, Ms Laurence Christians, Mr Walter Coscia, Ms Annelies De Backer, Ms Aline Godfrin, Mr Illias Marraha, Mr Peter Moors, Mr Frédéric Van der Schueren and Ms Annuschka Vandewalle.

The outgoing board members — stalwart promoters of BIO's mission and values since 2014 — were instrumental in negotiating BIO's first management contract with the Belgian State and in doubling BIO's activities over the course of their seven-and-a-half-year mandate.

A balanced team

In 2020, in covid-lockdown, 13 new staff joined BIO. This brings the total number of employees to 72, with a perfect gender balance. There are also as many women in middle and higher management as men. BIO now proudly employs 10 different nationalities.



Office Brussels



Office Abidjan

Office Nairobi

Liaison offices

In 2020, BIO set up local offices in Abidjan and Nairobi to increase its direct prospection capacity in Western and Eastern Africa. Even though, due to covid restrictions, BIO's local representatives have not been able to travel in person as much as planned, they are proving crucial to contact local businesses that otherwise would have much more difficulties in soliciting investments and to connect with other impact investors and potential clients in their regions. In Eastern Africa, BIO provided USD 22 M in sub-debt to KCB Bank Kenya in order to support SMEs and green lending. In Western Africa BIO closed, amongst others, investments in Advans Côte d'Ivoire and XpressGas in Ghana.

At home in Spectrum

On July 1st, 2021, BIO moved its headquarters to the brand-new Spectrum building in Brussels' Madou district. The new offices offer a work environment with a great deal of natural light and open spaces to encourage internal communication and cooperation in an energy-efficient building. Spectrum is considered as one of the healthiest working spaces in Brussels.

Accounts of the pandemic

Enda Tamweel

In December 2020, BIO invested an additional TND 1.2 M (around EUR 354 K) in equity in Enda Tamweel, the pioneer microfinance institution in Tunisia. Its mission is to economically empower marginalised households, and particularly women and youth. Since its creation in 1990, Enda has supported almost 900,000 people and granted more than 3 million loans for a total amount of TND 4,734 M. The company has a large branch network of 102 agencies across the country and 5 mobile branches that enable it to reach even its most remote customers. By the end of 2020, Enda had a portfolio of EUR 175 M.

During the health crisis, following a scan of the clients affected by the crisis, Enda set up "listening sessions" with its clients to arrive at the solutions best suited to their situations. Enda also provided them with financial and non-financial business support, including digital services and expert advice tailored to the needs of their business. This support was specifically aimed at business survival during and beyond the covid-19 crisis.

Enda Tamweel joined national efforts to fight covid-19 and, together with Enda Inter-Arabe, other civil society organisations and the Tunisian ministry of Social Affairs, launched the Yed-Yed initiative which supports the most vulnerable communities in the country by providing food packages to some 240,000 families, especially during the month of Ramadan.



Essma Ben Hamida, CEO and founder Enda Tamweel

Marginpar

I am Richard Fernandes, CEO of Marginpar, a specialist producer of unique flowers on the slopes of Mount Kenya. The first week of the covid outbreak we had to take drastic measures. Unfortunately, we couldn't retain our seasonal staff, so we didn't renew expiring contracts. Because of our 'Hamuka' people-focused culture – "we grow people, our people grow flowers" – we retained all our permanent staff. Our people came up with a proposal that no one should be laid off, by everyone working less hours. People took less money home but at least everyone kept earning. Management took a pay cut too. Today, we're back up to 100% of our permanent employees at work full-time with full pay. We communicate a lot about the importance of a healthy working environment at the farms, but what happens when people go back home? That's why we reach out to the communities and support them to ensure that they follow safe practices.



Richard Fernandes

Kenya has a population of 45 million who must all have enough to eat. Everyone here is living hand-to-mouth and the government is not going to pay you if you aren't working. That's the big difference with Europe. My daughter's friends in London were furloughed and getting paid while they sat at home. That doesn't happen here in Africa. So, you see resilience here. We have a young, well-educated population, by African standards. There's a lot going on and people don't sit around. They get busy doing all sorts of things with amazing innovation. It's what I love about Africa and in particular about Kenyan people.



Growing Scabiosa 'pincushion flowers' in Kenya

XSML

I'm Jarl Heijstee, co-founder and managing partner of XSML. We manage several African funds, two of which BIO participated in: the African Rivers Fund I and III.

When covid-19 hit us in March 2020, Uganda and the DRC went into severe lockdown. Operating businesses became difficult. Revenues dropped and stores closed. This was also true for most of our portfolio companies, with retail as an important exception. With restaurants and bars closed, people spent more money on food at home, so supermarkets performed better. As retail makes up one-third of our portfolio, this was a glimmer of light during that otherwise difficult period.

Others were less fortunate. The healthcare sector was heavily impacted as people didn't go to the hospital anymore. On top of that, it was difficult for the medical staff to come to work, with public transport shut down and the need for special permits to be able to drive around. Hospitals needed to be very creative in managing the additional costs and logistics. Now, in 2021, healthcare thrives and once again shows strong underlying growth.



TMR Hospital, for example, is one of the few private hospitals in Uganda authorised to treat covid-patients. With public hospitals overrun, the government gave them permission to treat covid-patients in their intensive care unit. As soon as TMR was covid-approved, we invested in the intensive care unit and added two ventilators, which were in short supply. Prior to these investments, Uganda only had 60 beds in intensive care units. While it seems little, thanks to the addition of 3 beds, TMR now has 10% of the entire country's capacity.

Médecins de Nuit in DRC also recovered from the difficulties of 2020, as covid-testing and treating covid patients generated revenue. Retail pharmacists like Ecopharm, on the other hand, continued to suffer due to the curfew and limited office hours.



The important thing is getting the vaccines distributed and convincing the people that they are safe and beneficial.

In lockdown, XSML proposed a rescheduling to most of its clients to give them some peace of mind while they were busy surviving. Payment plans were postponed and some small additional working capital loans were provided. Thanks to a grant from one of our investors, we were able to buy personal protective equipment for our healthcare portfolio investments and were even able to reach out to other hospitals in the area.

Now that we're out of lockdown, the hospital staff can, once again, use public transport to go to the hospital and no more special permits are needed. With regards to the other measures, I think that less than one percent of the population still wears a face mask, even in supermarkets.

Partly due to Astra Zeneca's bad press in Europe, there is a great reluctance here to get the shot – only 2% of the population in Uganda and DRC has been vaccinated so far. Recently, however, because of the second covid wave, the demand for vaccinations has grown, but has run into the limited availability of vaccines.

Vaccines can be produced in Africa. There are some very good producers in South Africa. And here in Uganda we have Cipla Chemical, the biggest producer of antiretroviral drugs for HIV, following FDA-approved standards. Although it would take time to set up, with the right equipment and training, it's possible to produce covid vaccines here.

However, the important thing now is making vaccines available and convincing the population that they are safe and beneficial. That is a task for both the government and private companies. The hospitals and clinics are actively promoting vaccinations to their communities. The entrepreneurs and staff of our hotels and restaurants are also very keen to get vaccinated because it makes perfect business sense for them to do so, as it will make their guests feel more secure. At a certain moment, having a fully vaccinated staff will become a marketing asset and can differentiate between the competition.

Towards economic development:
SDG8 Decent work and economic growth
SDG9 Industry, innovation and infrastructure

Companies directly financed by BIO employ 108,752 people. These directly financed companies support* an additional 2.1 million jobs, supporting 19 indirect jobs for every direct job.

Indirectly financed companies employ an additional 131,787 people and support* an additional 1 million jobs.

Jobs created

	Directly financed	Indirectly financed	
Direct jobs	108,752	131,787	240,539
Indirect jobs supported	2,107,447	1,011,955	3,119,402
	2,216,199	1,143,742	3,359,941

The 40 financial institutions directly funded by BIO support loans and financial services to hundreds of thousands of micro, small and medium-sized enterprises (MSMEs). Their total outstanding loan portfolio increased by 16% during 2019 to reach almost EUR 50 B, resulting in an increased access of these companies to and usage of credit, deposits and payments. The total outstanding loan portfolio of the financial institutions indirectly financed by BIO amounted to an additional EUR 14.7 B.

BIO finances 41 tech-related businesses through 4 venture capital funds, that focus on tech companies in various sectors such as HealthTech, EdTech and FinTech.

All impact data – unless stated otherwise – are based on BIO's portfolio of outstanding investments on 31.12.2019. As this data originates from BIO's clients, it takes some time to collect and process and isn't always as complete as desired.

** Any information on jobs supported are estimations based on the JIM model. This refers to the jobs created through local purchasing of intermediary goods and services, spending of wages and the provision of loans and power by companies and other organisations benefiting from BIO's investments.*



Towards inclusive development:
SDG5 Gender equality
SDG10 Reduced inequalities

In its first year of membership, BIO contributed EUR 95,422,568 to the 2X challenge – a call by an international group of development banks to collectively mobilise USD 3 B in commitments that add to the empowerment of women.

Out of the 108,752 people employed by directly financed companies, 41,194 are women. The indirectly financed companies employ an additional 42,503 women.

Eight financial institutions in BIO's portfolio have a micro-credit client base that is more than 50% female – five have almost exclusively female clients.

Almost 30% of BIO's outstanding investments were in Least Developed Countries and more than 10% in fragile states – mostly in Africa.

Directly financed companies paid EUR 383.9 M to their governments. When including the indirectly financed companies, you get a total of EUR 676.8 M in taxes and other payments to the public sector.



Client of First Finance, a Cambodian MFI

Eight out of 18 directly financed MFIs are Smart Campaign-certified, ensuring 55% of the outstanding microloans are covered by the client protection principles. This certification acknowledges that clients are correctly protected against the risks often associated with microfinance. It guarantees price transparency, ensures sustainability and reduces the risk of over-indebtedness. BIO actively supports MFIs, amongst others in Côte d'Ivoire and Senegal, to prepare for Smart Campaign-certification.

BIO directly finances 12 projects in the agri-value chain, supporting tens of thousands of smallholder farmers indirectly. An additional 13 agribusiness companies are financed indirectly.

BIO has invested directly in a project offering quality secondary courses to students from the African middle class and in a modern maternity ward for a private hospital located in the DRC – as well as indirectly, amongst others, in a company manufacturing basic pharmaceutical products.

Towards sustainable development:
SDG7 Affordable & clean energy
SDG12 Responsible consumption & production

BIO is directly invested in 18 energy projects – 15 of which are renewable, three of which focused on energy-efficiency – and 68 indirectly through specialised investment funds, with a respective installed capacity of 1,727 MW and 3,403 MW.

Directly financed projects produced 6,694 GWh of electricity during 2019, meeting the energy needs of 23.8 million people – of which 40% are in LDCs.

Over a million tonnes of CO_{2eq} – about the emissions of driving 6 billion kilometres with a diesel car – were avoided through direct investments in renewable energy, with an additional half a million through indirect investments.

Through its Business Development Support Fund, BIO has supported the development of sustainable agricultural practices for Geuther Vietnam, Puratos Grand Place Vietnam and Niche Cocoa. The BDSF also co-financed a training session and market analysis on green lending for Fidelity Bank Ghana.

Since the United Nations adopted the 17 Sustainable Development Goals in 2015, they have become guidelines for governments, industries and civil society. In Belgium, BIO is a member of the Shift, the national meeting point of companies and public and civil society organisations for sustainability, which helps realise the transition to a more sustainable society and economy, through example and exchange and pilot projects. BIO also supports and contributes to all SDGs, both through its investments and through partnerships with its stakeholders.

The Africa Forestry Fund II manages forestry plantations and downstream activities and sequestered over 20,000 tonnes CO_{2eq} in 2019. Carbon sequestration is the process by which atmospheric carbon dioxide is taken up by trees, grasses and other plants through photosynthesis and stored as carbon in biomass. It is a method of reducing the amount of carbon dioxide in the atmosphere with the goal of reducing global climate change.

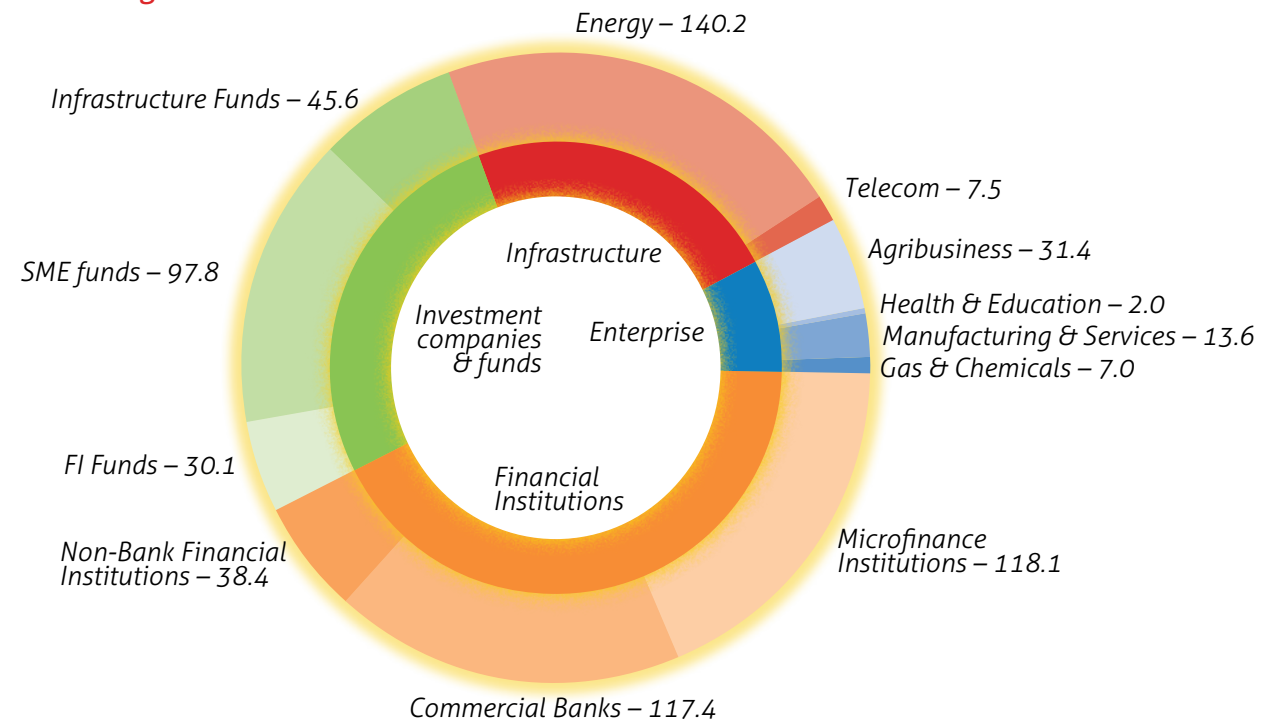
Three directly financed financial institutions offer green loans to facilitate and support environmentally sustainable economic activity, for a total outstanding of EUR 832 million.

Outstanding investments at end 2020 (M)

	#	SSA	MENA	Asia	LAC	Multi	Total	Equity	Debt
Enterprises	23	€38.5	€-	€7.5	€8.1	€-	€54.0	€-	€54.0
Financial institutions	51	€112.4	€-	€60.5	€73.7	€27.3	€273.9	€62.0	€211.8
Investment companies & funds	54	€70.2	€17.6	€45.4	€26.7	€13.5	€173.5	€157.5	€16.0
Infrastructure	16	€63.9	€-	€46.9	€36.9	€-	€147.7	€3.0	€144.7
	144	€285.0	€17.6	€160.3	€145.4	€40.9	€649.2	€222.5	€426.6

SSA: Sub-Saharan Africa
MENA: Middle East and Northern Africa
LAC: Latin America and the Caribbean

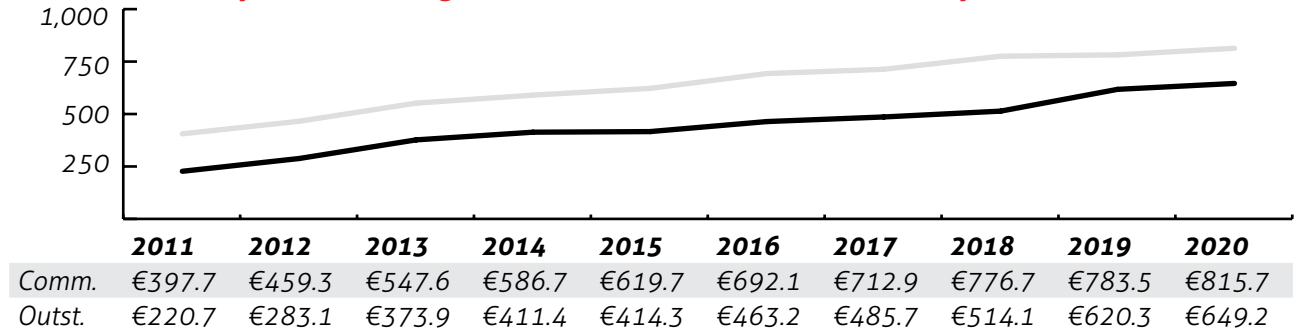
Outstanding Subsectors EUR M



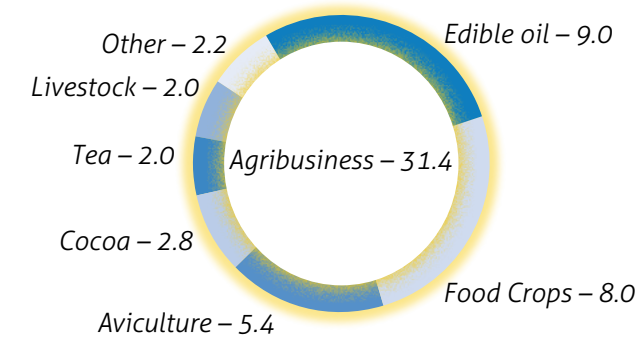
Net commitments at end 2020 (M)

	#	SSA	MENA	Asia	LAC	Multi	Total	Equity	Debt
Enterprises	23	€42.0	€-	€7.5	€8.1	€-	€57.6	€-	€57.6
Financial institutions	51	€113.4	€15.0	€62.7	€79.8	€27.5	€298.4	€62.5	€235.9
Investment companies & funds	54	€124.0	€26.2	€68.4	€40.9	€40.8	€300.2	€263.4	€36.8
Infrastructure	16	€73.9	€-	€48.6	€36.9	€-	€159.5	€3.0	€156.5
	144	€353.2	€41.2	€187.3	€165.7	€68.3	€815.7	€328.9	€486.8

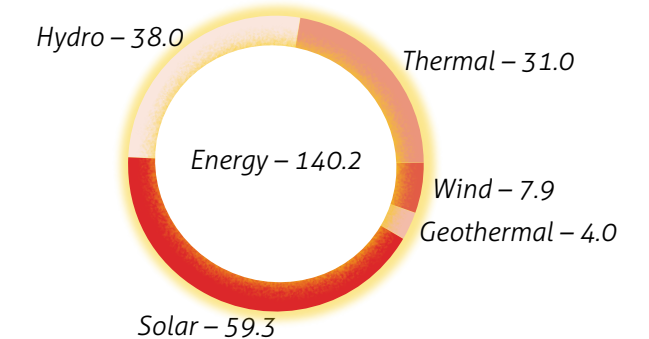
History of outstanding investments and net commitments at year's end (M)



Outstanding Agribusiness Activities – EUR M



Outstanding Energy Activities – EUR M



Investments signed in 2020 (EUR M)

Project	Amount	Sector	Subsector	Country	Instrument	Signed
Excelsior Capital Vietnam Private Equity Fund (ECVPE)	8.2	Fund	SME Fund	Vietnam	Equity	01/2020
SDG Frontier Fund NV	6.3	Fund	SME Fund	Multi	Equity	03/2020
Pact Global Microfinance Fund	11.1	FI	MFI	Myanmar	Loan	05/2020
Alterfin S.C.R.L./C.V.B.A.	3.0	FI	NBFI	Multi	Loan	07/2020
Proximity Finance	2.6	FI	MFI	Myanmar	Loan	07/2020
Locfund Next LP	3.3	Fund	FI Fund	LAC	Equity	08/2020
VisionFund Myanmar Co., Ltd	4.8	FI	MFI	Myanmar	Loan	08/2020
African Rivers Fund III, L.P.	5.7	Fund	SME Fund	Africa	Equity	08/2020
Geuther Vietnam Co., Ltd.	2.5	SME	Manuf. & Serv.	Vietnam	Loan	09/2020
Banque de Crédit de Bujumbura S.M. (BCB)	1.1	FI	Com. Bank	Burundi	Equity	09/2020
Centrale Solaire de Bir El Haffay S.A.	4.8	Infra	Energy	Tunisia	Loan	09/2020
Locfund Next LP	4.9	Fund	FI Fund	LAC	Loan	09/2020
EDFI Management Company	0.2	FI	NBFI	Multi	Equity	10/2020
Productera Cartonera Procarsa & Surpapelcorp	6.9	SME	Manuf. & Serv.	Ecuador	Loan	10/2020
Avi Niger	1.0	SME	Agribusiness	Niger	Loan	10/2020
Sociedad de Ahorro y Crédito Apoyo Integral, S.A.	8.2	FI	MFI	El Salvador	Loan	10/2020
Enko Ed Ltd.	0.9	SME	Health & Edu	Africa	Loan	12/2020
European Financing Partners S.A.	15.0	Fund	SME Fund	Multi	Loan	12/2020
KCB Kenya Ltd.	18.0	FI	Com. Bank	Kenya	Loan	12/2020
Ascent Rift Valley Fund II	5.7	Fund	SME Fund	Africa	Equity	12/2020
Enda Tamweel SA	0.4	FI	MFI	Tunisia	Equity	12/2020

Investments ended in 2020 (EUR M)

Project	Amount	Sector	Subsector	Country	Instrument
ACEP Burkina Faso	1.5	FI	MFI	Burkina Faso	Loan
African Minerals	0.7	SME	Industry	Uganda	Loan
Africinvest	5.0	Fund	SME Fund	Africa	Equity
Banco para la producción y la comercialización SA (Bancop)	3.4	FI	Com. Bank	Paraguay	Loan
Centre Médical de la Communauté (CMC)	2.6	SME	Health	Congo, DR	Loan
Hidronormandia	8.0	Infra	Energy – Hydro	Ecuador	Loan
Hidrosierra S.A.	4.6	Infra	Energy – Hydro	Ecuador	Loan
Niche Cocoa Industry	0.4	SME	Agribusiness	Ghana	Loan
PT Mitra Bisnis Keluarga Ventura (MBK)	5.4	FI	MFI	Indonesia	Loan
Rwanda Mountain Tea	2.0	Infra	Energy – Hydro	Rwanda	Loan
Société de Distribution de Matériel Avicole S.A. (SEDIMA)	3.0	SME	Agribusiness	Senegal	Loan

Out of eleven investments that ended in 2020, seven reached their natural end-of-life and three were pre-paid, meaning that the companies were either financially successful enough to pay back their loan earlier than expected, or were able to refinance in the regular financial market – attesting to the catalysing effect of DFIs. In addition to these financially positive results, BIO's investments also proved successful in other ways:

- Mithra Bisnis Keluarga (MBK) was Smart Campaign-certified – this means it adheres to the client protection principles, reducing the risk of over-indebtedness
- SEDIMA helped to reduce poultry imports into Senegal – which went from 100% in 1990 to 0% in 2020
- Together, Hidrosierra and Hidronormandia avoided 142,888 tonnes of CO_{2eq} in 2019
- The Centre Médical de la Communauté (CMC) built a new maternity ward, which witnessed 200 births in 2020
- Niche Cacao became the first 100% private Ghanaian cocoa processor in the country – expanding to Germany and the USA
- ACEP Burkina Faso tripled the number of its employees and doubled the number of branches
- The small-scale hydro installations of Rwanda Mountain Tea contribute more than 15,000 MWh per year to the national grid

The disruptions in the economic, food and health systems caused by the covid-19 pandemic are expected to continue to exacerbate all forms of malnutrition. The International Food Policy Research Institute estimates that an additional 140 million people have been thrown into extreme poverty because of the pandemic. According to the World Food Programme, the number of people in low- and middle-income countries facing acute food insecurity nearly doubled to 265 million.

Cattle in Senegal



BIO supports a whole range of entrepreneurs along the complete agricultural value chain, from producers to consumers. This helps create jobs and gives an extra impulse to the economy.

Eradicating hunger and malnutrition is one of humanity's great challenges. So, to contribute to feeding a growing world population and to food security, especially for the poor, BIO is a dedicated investor in agriculture, agro-industry and agroforestry. BIO supports a whole range of entrepreneurs along the complete agricultural value chain, from producers to consumers. This helps create jobs and gives an extra impulse to the economy. If it doesn't adversely affect the domestic food market, investments in export-focused agriculture are also possible.

In 2020, BIO approved an investment in Phatisa Food Fund II and three investments in rural microfinance institutions in India, Myanmar, and Nicaragua that reach out to small farmers in particular. BIO also made a follow-on investment in Avi Niger, an aviculture project

and provided a loan to Alterfin to support agricultural cooperatives in Africa and Latin America.

To reach local farmers and rural areas, BIO especially supports "aggregators". These can be agricultural businesses, cooperatives of growers, financial institutions or even funds. Typically, these support regional growers of diverse sizes and experience, or sell products to local or regional markets. Some examples are funds like the Fairtrade Access Fund and the Pact Global Microfinance Fund, financial institutions like Financiera FDL in Nicaragua, Proximity Finance in Myanmar and companies like Avi Niger, Babban Gona, Laiterie du

A supermarket investee of the Phatisa Food Fund II



Agriculture in numbers

Around EUR 250 M direct and indirect investment in SMEs, of which around 1/3 are agri-related companies

16 direct agri-related investments

Minimum ticket-size of EUR 1 M

Berger and JTF Madagascar. BIO also considers (agro)forestry projects with a strong link to local communities and collaborates closely with AgriFi, Incofin and other specialised impact investors to identify opportunities for additional agri-investments.

Finally, BIO uses its subsidies programme to support its clients in developing their agribusiness. This includes developing small-scale projects to international standards, creating revenues and training opportunities for small farmers.

Avi Niger

Avi Niger is a greenfield poultry project located in Niamey, Niger. As the country's first large-scale provider of fresh chicken eggs, the company is a pioneering enterprise, providing the Nigerien population with more proteins, in larger quantities and for less money. As the country is one of the poorest in the world, plagued by hunger and turmoil, where two out of three residents live below the poverty line and more than 40 percent earns less than USD 1 a day, this is not luxury, this is necessity.

Avi Niger started off as a state-of-the-art egg farm, striving hard to comply with ever toughening EU food safety standards. But in August 2020, the record-breaking water level of the Niger river caused Avi Niger's production facilities to flood. Fortunately, most chickens survived and the company managed to limit the water's impact on its installations. In February 2021 the company had recovered and reached full capacity again, with four battery cages fully operational and baby chicks in the hen house. But in March 2021, an avian flu H5N1 pandemic

Most eggs consumed in the country are imported from Nigeria. They are usually unsold, damaged stocks, or overheated by poor transport conditions in unrefrigerated trucks.

struck Niamey. In spite of state-of-the-art hygiene and health security provisions, within three weeks all of Avi Niger's birds died. On top of that, covid-19 happened.

In the face of such calamities, Avi Niger showed remarkable resilience. It could count on BIO for advice and, in October 2020, on a EUR 1 M follow-up loan. The company also diversified its income with the production of animal feed mix for camels, cows, chickens, goats and sheep. Moreover, thanks to its regular customers and to the public tenders that they keep winning (the local Enabel office is one of their clients), Avi Niger is surviving and is looking confidently to the future.

The egg business is now being revived and jobs are once again being created. To prevent damage from future floods – a certainty in a world wracked by the ever-mounting consequences of climate change – a new wall surrounding the company premises will be constructed. To limit the impact of diseases – equally a certainty – a thorough audit of bio-sanitary practices will be undertaken in order to guarantee the highest quality standards in the future.



The flood of August 2020

Fairtrade Access Fund

In 2020, BIO granted EUR 350,000 in Technical Assistance to the Technical Assistance Facility (TAF) of the Fairtrade Access Fund (FAF). FAF is a regulated evergreen fund with a strong commitment to sustainable development which offers loans to cooperatives, processors and agricultural exporters who work primarily with smallholders. The concept had been considered commercially unviable, until FAF proved otherwise, reaching a modus vivendi between the fund's development goals and its financial sustainability. The fund currently supports around 250,000 sustainable and Fairtrade certified farmers.

The fund invests in sustainably focused agricultural producers, small and medium-sized agro-enterprises and MFIs in Latin America and Africa. Its clients work with more than 90% smallholder farmers, producers who usually have less than five hectares of land.

For example, la Cooperativa del Sur del Cauca (CoSurCa) is an organic-certified producers' cooperative, offering financial support, processing and export services and technical trainings to 1,400 families in Colombia. In addition to generating economic

- Through a TA co-subsidised by BIO, CoSurCa
- (a) trained 800+ producers in sustainable farming practices and helped them achieve organic certification;
 - (b) planted 54,000 organic cocoa trees, diversifying 108 family farms; and (c) established 11 community "Escuelas Campesinas de Agroecología" schools in the Cauca region.

opportunities for its members, CoSurCa advocates for peace and acts as an educational platform for its members on issues related to health, food security and local ecosystems.

The FAF helped CoSurCa operate more efficiently and equip farmers with concrete strategies in the face of climate change. The cooperative focused on (1) financial management, (2) organic certification, (3) the diversification of farms and (4) the establishment of "Escuelas Campesinas de Agroecología" (ECAS), a platform for farmers to exchange local knowledge about responsible natural resource management.

Through the ECAS, farmers share their expertise. This knowledge is then consolidated and shared with the rest of the community in the form of practical trainings on topics ranging from irrigation and drainage to organic fertilisers and biodiversity. In doing so, CoSurCa stresses the importance of preserving not only local ecosystems, but also local culture, history and knowledge.



la Cooperativa del Sur del Cauca

Another investment of the FAF is Soprocopiv, a coffee cooperative in Kivu, in the DRC, which was also supported through a Technical Assistance Facility.

Soprocopiv

My name is Judith Kahindo Katavali, I am an agricultural engineer working for Soprocopiv as a technical supervisor of agronomists. Soprocopiv is a cooperative that has 7,636 members, all coffee farmers with fields ranging from 20 ares to 10 hectares. The farmers are located in Lubero and Beni territories, in the Kivu area of the DRC. It is my job to coordinate the activities of our agronomists in the field, to advise on the purchase of coffee trees and on training and, last but not least, to take charge of all the sustainability certifications.

All our members are currently UTZ Certified (now part of the Rainforest Alliance). Two-thirds of them produce Arabica and one-third Robusta. All our members growing Arabica coffee received the Fair For Life (FFL) certification in October 2020. On top of this, we are currently undergoing an audit for the Fairtrade certification. This requires the buyers to pay a price for coffee that allows farmers and their

Judith Kahindo Katavali



families to make a decent living. The Technical Assistance Facility of the Fairtrade Access Fund from Incofin is helping us to acquire this Fairtrade certification digitally, as our region is too distant / difficult to reach for the standard certification process. This distance is also why we want to invest further in local coffee washing stations and new pulping machines.

With the support of the Technical Assistance Facility of the Fairtrade Access Fund, we are also creating nurseries to rejuvenate the old coffee orchards, increasing the productivity – and income – of our members. And because coffee is a seasonal crop, we are currently looking into other income-generating activities for our farmers and their families. We also want to invest in infrastructure, schools and easy access to quality health services.

Finally, we want to introduce short-term micro-credit for our members. This will allow those with larger plots of land to pay for labour and will help struggling farmers in between harvests. We would be the first to do this, as there are no other financial institutions in this area.

Coffee nurseries



Coffee grower

Kambale Bonane Blessing



My name is Kambale Bonane Blessing. I'm a coffee grower from Kirumba in North Kivu. My plantation comprises around 1,600 plants and covers about one hectare. My grandparents planted these fields during the Belgian occupation and I inherited them. I sell my Arabica coffee to Soprocopiv. I bring my products to the coffee collection depots, where, once certified, Soprocopiv will pay us the Fairtrade minimum price. Clients include international companies in Belgium, Germany, the Netherlands, Sweden, Turkey and the UK and the prices we charge depend on the quality required – full-washed (K3), washed (K4) or K7.

"Although I studied hard and got my state diploma, I couldn't go to university. To do so, I would have had to leave my fields – my sole source of income – to go to an urban centre for higher education and that I couldn't afford to do"

Kambale Bonane

Fairtrade

My name is Hendrik Draye and together with my brother and cousin I run the local supermarket in Herent, Belgium. About 8 years ago, I became a Fairtrade ambassador, promoting the principles in my professional life.

Fairtrade – and many other sustainability labels – are about more than just "farmers getting higher incomes". It's about the support, the know-how – setting up companies and cooperatives as cornerstones of communities – thinking and working long-term – feeding and educating families and communities. Fairtrade needs to be a structural story.

Our contribution, as a retailer, is to offer Fairtrade products to customers at the right eye level – to make the products visible in such a way that the non-aware, uninformed customers are pulled into the Fairtrade story.

Hendrik Draye



Climate and energy

One hundred and forty-one years after Thomas Edison invented the lightbulb, 13 percent of the global population still lacks access to electricity. While this number has been steadily going down over the last century and a half, the covid-19 pandemic is reversing this trend. In sub-Saharan Africa, the number of people without access to electricity is now set to increase, pushing us farther away from achieving the goal of universal access by 2030.

Tremendous investments, both public and private, in energy infrastructure and climate finance are needed, especially in developing countries. But it's worth it, because in addition to providing electricity and fighting climate change, the renewable energy sector generates jobs and economic development.

Fifteen of BIO's energy investments are renewable. They range from geothermal, hydro and wind to solar energy. To date, these have avoided 1.5 million tons of CO_{2eq} emissions and support an estimated total of 187,050 jobs.

Complementary to renewable energy, BIO also invests, directly and indirectly, in innovation and energy efficiency – like waste-to-energy and the replacement of aging and environmentally detrimental equipment by more energy-efficient alternatives.

By 2022, the 15 members of the Association of European Development Finance Institutions (EDFI) will align all new investments with the objectives of the Paris Agreement, banning all investments in coal and oil. Gas will be faded out until it, too, is banned, by 2030.

By 2050, the EDFI portfolios will achieve net-zero emissions.

BIO, specifically, never invested in coal and stopped investing in oil in 2015. It has completely banned new investments in all fossil fuels from July 2021 onwards.

BIO uses its extensive experience in renewable energy to help mitigate climate change and targets different types of transaction:

1. larger renewable energy projects in which BIO invests alongside other impact investors;
2. small-scale projects in which BIO takes the lead. While very complex due to their smaller size, they are extremely relevant in the fight against climate change;
3. support to off-grid companies offering innovative solutions to households and SME's which have no access to reliable and affordable power.

E&S-stewardship

BIO promotes E&S best practices during the construction and operation phases of energy projects. This can be done by implementing an E&S-impact assessment, by drawing up community investment plans and by employing dedicated staff for health and safety management, for community liaison and for environmental studies and monitoring. For off-grid projects providing individual electricity connections, BIO also requires the adoption of sector-specific consumer protection principles in order to guarantee fair pricing and sales, good consumer service and good quality products.

Bir El Haffey

In 2020, BIO invested in the construction of a 10 MW solar plant in Tunisia, Bir el Haffey. It is one of the first major photovoltaic power projects in Tunisia, a country suffering from an electricity deficit, with demand greatly exceeding supply. Once operational, the power plant will produce 18,000 MWh of clean electricity per year, serving 12,465 people. The project will also improve the share of renewables in the Tunisian energy mix and is expected to avoid 8,000 tonnes of CO_{2eq} emissions annually. In 2020, BIO entered into a loan agreement for around EUR 7 million for building the plant and connecting it to the national grid. The project also benefitted from EUR 15,000 of Technical Assistance from BIO's BDSF to assess the environmental and social (E&S) risks, which were specifically addressed in the loan contract.





Private equity funds

Two private equity funds in BIO’s portfolio – Social Investment Managers and Advisors LLC (SIMA) and Beyond The Grid Solar Fund (Sunfunder) – focus exclusively on improving individual access to electricity and more specifically, solar power. Their 26 investees finance, manufacture and/or distribute individual solar home systems while endorsing energy consumer protection principles.

Such off-grid systems are particularly suited to rural and remote areas which lack electricity access or are prone to frequent grid blackouts. Connecting to the main grid in such areas can be very costly, while off-grid solar energy systems offset this significant expense and provide a sustainable alternative to polluting kerosene-based alternatives.

SIMA is one of the largest investment funds in the off-grid solar sector. Its portfolio companies provide clean energy to more than 1 million people, reducing their dependence on fossil fuels and avoiding 5.8 million tonnes of CO_{2eq} emissions to date.

Both Sunfunder and SIMA are members of GOGLA, the industry association for off-grid solar energy which also has actively contributed to an industry-wide consumer protection code.

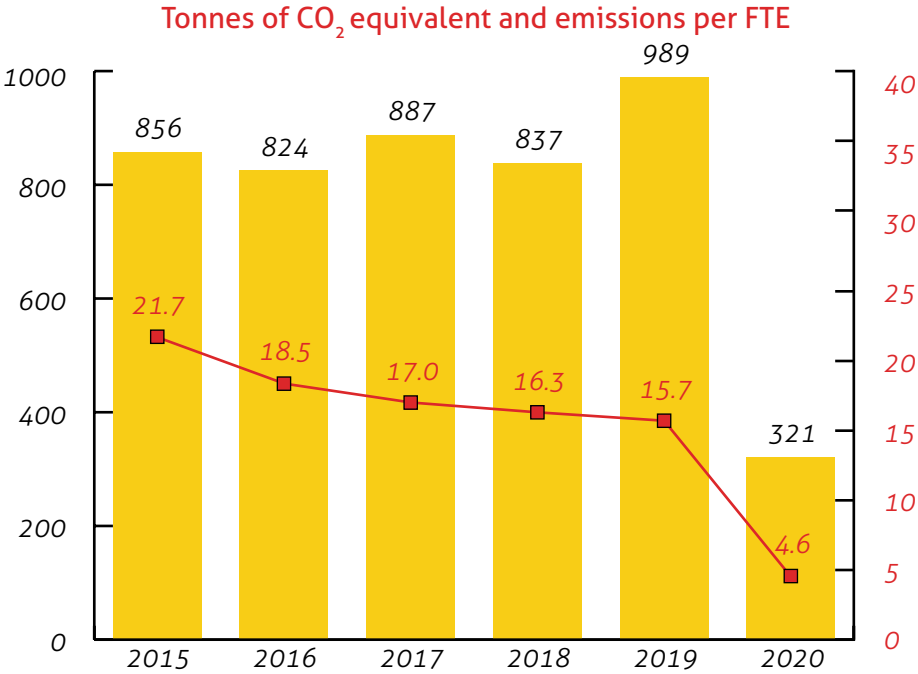
Mr Bala Suleman from Mataisia Town, Nigeria is a customer of d.light, one of the investee companies of Sunfunder. He learned about their solar lanterns from a friend and decided to use them to increase productivity on his chicken farm. Normally, each chicken produces ten to fifteen eggs per month. By using his lanterns to feed the chickens at night, Bala now boasts an average of thirty eggs per month. He now owns seven lanterns, further saving money on kerosene and batteries.

Reducing BIO’s corporate CO₂ emissions

BIO’s own carbon footprint dropped sharply in 2020, mostly due to an important reduction in business travel caused by covid. While in 2019 BIO emitted 989 tonnes of CO_{2eq}, in 2020 its emissions decreased by 68% to 321 tonnes.

BIO compensated its CO₂ emissions by investing in a Zambia Agroforestry Project which promotes sustainable agriculture and forest conservation. The project supports farmers with agricultural methods that safeguard the forest

and enhance their livelihood. Former poachers are given the opportunity to learn skills that protect the forest and wildlife, while ensuring a stable income.



Decent work and social protection

The private sector is the primary source of job creation and economic growth, which are key to better living standards and less poverty throughout the developing world. That is why BIO actively and enthusiastically supports the United Nations' Sustainable Development Goal on decent work and economic growth (SDG 8). BIO and other Development Finance Institutions (DFI) consider employment as one of the primary objectives of all their investments.

At the end of 2019, BIO's direct and indirect investments employed over 240,000 people and further supported over 3 million jobs more.

Decent work

BIO also focuses on the quality of the jobs it supports. After all, lousy jobs are not sustainable. In those regions or sectors where jobs are informal and working conditions problematic, BIO strongly insists on formalising employment. By means of an active environmental and social policy (E&S), BIO encourages clients to ensure a fair, safe and secure working environment for the people working for them, even in difficult circumstances. BIO's central reference for decent work is the IFC Performance Standard 2

(IFC-PS2) on labour conditions. IFC PS2 sets ambitious objectives regarding the fair treatment, non-discrimination and equal opportunity of workers. It also requires companies to establish, maintain and improve worker-management relationships and dialogue and promotes compliance with national employment and labour laws. The Standard requires companies to protect workers, including vulnerable categories such as migrant workers, women and workers engaged by third parties in the supply chain and promotes safe and healthy working conditions. Finally, it bans the use of forced or child labour.

When BIO spots certain risks with respect to labour conditions, a binding ESAP is included in the investment contract. In 2019 and 2020, this was the case for 86% of all signed direct investment projects. Typically, such ESAPs concern HR-processes and policies, the health and safety of operations and improvements to workers' representation.

BIO encourages clients to ensure a fair, safe and secure working environment for the people working for them, even in difficult circumstances.

BIO's contracts stipulate that its portfolio companies must adhere to these principles, as well as ensure that their suppliers, clients and/or investees have systems in place to do the same. Depending on the financial situation of the companies, compliance can also be progressive – as defined in the Environmental and Social Action Plan (ESAP) accompanying all investment contracts. BIO also requires that client companies adhere to all relevant local and international social regulations and conventions, such as the core conventions of the International Labour Organisation (ILO).

Finally, BIO's Business Development Support Fund (BDSF) offers advice and technical support for E&S-stewardship. This includes counselling on labour and working standards as well as building local capacity and strengthening workforce management.

IFC Performance Standards



1 Assessment and Management of E&S Risks and Impact



2 Labour and Working Conditions



3 Resource Efficiency and Pollution Prevention



4 Community Health, Safety and Security



5 Land Acquisition and Involuntary Resettlement



6 Biodiversity Conservation and Sustainable Management of Living Natural Resources



7 Indigenous Peoples



8 Cultural Heritage

Geuther Vietnam

In 2020, BIO granted a EUR 2.6 M loan to Geuther Vietnam Co., Ltd. Geuther produces wooden children safety gates and solid wooden baby furniture. Demand for its high-standard, quality products is steadily growing. That is why the company decided to invest in a new production plant which will support 185 jobs and create an additional 170 jobs by the end of 2024. All employees are local. One third of them are lowly educated. With BIO's encouragement, Geuther Vietnam will now focus on good E&S-practices and the transfer of know-how.

Today, 80% of Geuther employees have bank accounts, compared with just 40% before BIO's involvement.

When BIO stepped in, the company already had an E&S-management system in place. This was based on the code of conduct and implementation system of the Business Social Compliance Initiative (BSCI). Moreover, a BSCI certification audit gave the company a good rating with only minor recommendations.



To achieve all this, BIO granted two subsidies for technical assistance (TA). The first TA-subsidy (EUR 5,929) was given to help the company obtain the ISO 45001- and ISO 14001-certifications. The second TA (EUR 31,044) was meant to increase business efficiency and the company's responsiveness to market needs. This was done by introducing lean production management throughout the whole organisation. Eventually, this should lead to an increase in productivity and profitability, as well as to improved well-being and safety for Geuther's current and future employees.

Despite the company's good E&S-performance and its BSCI-certification, BIO still identified additional steps that could be taken to improve occupational health and safety (OHS), as well as working conditions in general. Hence, BIO insisted on concrete measures to improve the design of Geuther's machinery and its workers' safety. BIO also asked the company to achieve OHS-related ISO 45001 certification. Other requirements included long-term contracts for employees, as well as support to employees in opening bank accounts for salary payments. Today, 80% of Geuther employees have bank accounts, compared with just 40% before BIO's involvement. Finally, BIO requires an annual, independent BSCI-certification.

The International Organization for Standardization (ISO) is an independent, non-governmental organisation that develops international standards that support innovation and provide solutions to global challenges. ISO 45001 gives guidance for the requirements and use of an occupational health and safety (OH&S) management system, while ISO 14001 specifies the requirements for an environmental management system.



Covid-19 has accelerated the tearing down of barriers to digitalisation and has further strengthened the business case for investments in digital. Moreover, new developments allow developing countries to leapfrog steps on the path taken by industrial nations towards digitising their economies and societies, enabling them to catch up sooner in terms of economic growth. Using digital for development may even help them take the lead on the next big change.

Africa went from 87 million mobile phone subscriptions in 2005 to 714 million in 2015, growing eightfold in a decade. In the banking industry, people in branchless, rural areas leap from having no access to banking services to getting full financial services online. We are witnessing a digi-revolution. Mobile banking and mobile wallets are taking over from traditional finance access points such as branches or even credit and debit cards. And this trend is reflected in the offerings of BIO's clients. A fair share of its investees is simply no longer interested in cards – golden, platinum or otherwise.

Digital Survey

BIO analysed the digital progress of the financial institutions in its 2019-portfolio. This digital survey gave BIO a better understanding of the opportunities and obstacles the financial institutions were facing.

- Microfinance and small financial institutions were facing the greatest needs
- BIO needs to take into account a company's progress on the road to digitalisation when considering new investments
- BIO needs to assess the level of digitalisation of its portfolio and identify potential risks.

BIO works with other investors on digital adaptation and the structuring of TA-programmes. It talks with civil society on digitising the financial inclusion industry and engages on the latest digital research from the Consultative Group to Assist the Poor (CGAP), an independent think tank that works to empower the poor.

Microfinance and small financial institutions

The opportunities for digital in developing economies and across various industries are widespread. That is why BIO assesses the potential of digitalisation for every potential investment.

However, as financial inclusion – making financial services more accessible, cheaper and more convenient to the underserved – is one of BIO's key objectives, BIO focusses on assisting those companies that would benefit most from digitalisation, like microfinance institutions and small financial institutions. Because these companies often think that digitalisation is too expensive and unprofitable, BIO supports them in dealing with the operational, strategic, technological, cultural and literacy challenges. It's only by digitising that these companies can continue to sustainably increase financial inclusion.

An example of an MFI taking steps in the digitalisation process with the support of BIO is FINCA Malawi, which focuses on financing micro enterprises in trade, services and agriculture, granting almost 40,000 loans in 2020 alone. With BIO's financing, FINCA is installing branchless financing channels such as agent services and is also developing mobile transfers, savings and loans.

Fondo Desarrollo Local, a Nicaraguan MFI





Fund investments

A complementary strategy of BIO is to invest in funds that focus on digitalisation, including venture capital funds. Their high-tech investees are often still in their start-up or early development stage and access investments almost exclusively from funds specialising in digitalisation. Usually, these new companies focus on AgriTech, EdTech, FinTech or HealthTech.

In 2020, BIO was invested in four such specialised funds, which supported a total of 47 tech-related companies. Omnivore Partners India Fund 2, for example, invests in start-up tech-companies in India active in food, agriculture and the rural economy. Another interesting example is Kaizen Private Equity II, which focuses on EdTech projects that facilitate providing quality and affordable education.

Technical assistance

Based on growing insights from its digital survey, BIO has started supporting financial institution clients with tailored technical assistance (TA) programmes. BIO's Business Development Support Fund subsidises the digitalisation of internal processes, products and services. It also helps to secure and protect the personal data of clients. Such adapted, digi-focused TA is urgently needed, with room for trainings and studies to ensure that the new channels and products are correctly introduced and that they do not exacerbate the over-indebtedness of the most impoverished.

Two such digital TA-projects have already been implemented. Banco Solidario, one of the leading microfinance players in Ecuador, needed to determine the best mobile distribution channels to serve existing and potential new clients. The second one, ACEP Group, is a network of microfinance institutions in five West-African countries, that developed a global digital strategy for serving clients online.



There's no country in the world that has achieved gender equality yet, despite some progress in recent years. Worse, no country is even expected to achieve it until 2030. Women are still a minority in leadership and politics. They are also the most affected by the covid-19 pandemic, because of increased household burdens and the risk of violence. Since such gender inequalities pose a real barrier to sustainable and inclusive development and may seriously harm the businesses themselves, Development Finance Institutions (DFIs) like BIO have intensified their efforts to reduce them.

Gender Scan Financial Institutions

In 2020, BIO ran a gender scan of the financial institutions in its portfolio, which represent about two-thirds of BIO's direct investments. As these institutions involve most of the leaders, entrepreneurs, workers and consumers directly impacted by BIO, they represent a huge potential to improve gender equality. The objective of this survey was to better understand where BIO's clients stand in terms of gender equality, to raise awareness about the topic and to find out to what extent BIO could further support its customers in promoting gender equality.

Overall, microfinance institutions (MFI) appear to be the gender champions. Almost all of them qualified for the 2X criteria. Interestingly, MFIs that focus on female clients do not necessarily perform well on woman employment and leadership. This demonstrates the limits of focusing on just one criterion instead of adopting a more multi-dimensional gender lens.

The gender scan raised gender awareness within the financial institutions in BIO's portfolio and identified opportunities for improvement. All respondents are now interested and willing to put gender programmes in place and BIO is eager to support them with technical assistance for, amongst others, product development for women, leadership training and the development of a gender strategy.



Gender-based Violence and Harassment

In 2020, BIO organised four workshops for its infrastructure clients to tackle gender-based violence and harassment. More than fifty participants learned about its root causes, specific infrastructure issues, key steps to conduct a gender-responsive risk assessment and the importance of gender-responsive planning.

They learned that the private sector needs to address GBVH in a more proactive way. It not only harms women but also poses serious reputational, legal and commercial risks to businesses. That is why the workshops focused on how to mitigate the risks associated with it.

GBVH affects everyone. It is driven by unequal power dynamics, which explains the high incidence of female victims. In times of crisis, in fragile countries, or in male-dominated industries like infrastructure, the risk of GBVH increases.

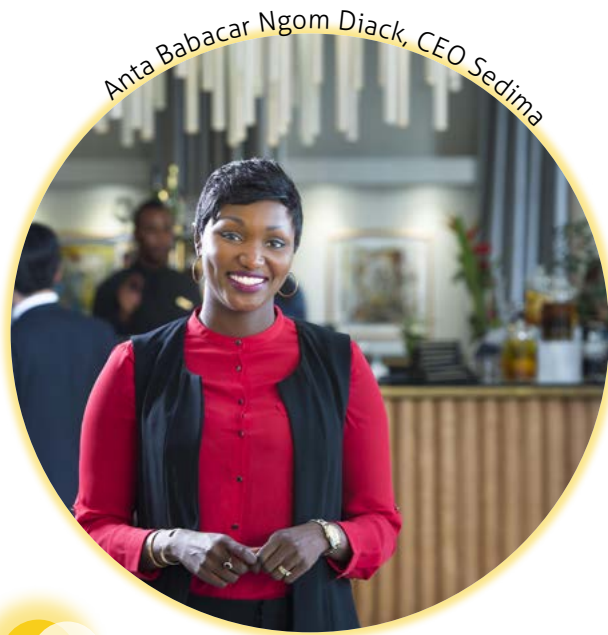
In infrastructure projects, the influx of a transient male workforce might adversely affect women from host communities. Failing to deal with GBVH may lead to community traumas, costly settlements, project inefficiencies and even to the cancellation of the project. Prevention, detection and response are key.



For example, research in Bhilai, India, found that while one in three construction workers were women, these regularly experienced sexual harassment and exploitation from supervisors, contractors and site owners. Women who were heads of their household and had children were particularly at risk of sexual and economic exploitation. In India, the stereotype reigned that women working in the sector are "sexually available" and "impure", leading women labourers to face sexual harassment and innuendo, in turn provoking jealousy and violence from their male partners at home.

2X Challenge

The 2X Challenge is an initiative of the DFIs of the G7 which in 2018 called on all DFIs to invest an ambitious USD 3 billion into companies and projects that make substantial efforts for gender equality and women's economic empowerment. Two years after its launch, the DFIs had mobilised close to USD 12 billion within the framework of the 2X Challenge—quadruple the original objective. Early 2021, the counter was reset and a new objective of USD 15 billion was launched.



The Challenge includes several criteria that help members identify gender initiatives. To qualify for the 2X Challenge, a client must already (commit to) meet at least one of the following:

- Entrepreneurship – business founded by a woman who maintains an active role OR shareholding above 51%;
- Leadership – 25% of women in the senior management OR 30% at board or IC level;
- Employment – at least 40% female employees AND a policy or programme addressing barriers to women's quality employment (beyond those required by local law or compliance);
- Consumption – provide products tailored to women's unique needs, address a problem disproportionately impacting women or with a majority of women customers or beneficiaries.

In its first year of membership, BIO contributed EUR 94 M to the challenge.

BIO actively identifies actions that can mitigate gender risks and it discusses the potential for improvement with its clients. BIO's Business Development Support Fund also supports gender equality programmes, such as a genderscan of a company's human resources or trainings on female leadership. BIO will make sure that all its new investment projects are thoroughly screened on gender perspectives.

Fundación Espoir

BIO has invested – through an equity investment of USD 4 M, a USD 1 M loan and over USD 300,000 in technical assistance – in the Local Currency Microfinance Fund II. This fund has, in turn, invested in Fundación Espoir.

Fundación Espoir is an Ecuadorian NGO that specialises in micro-credit. Most of its clients work in the informal sector, delivering services or selling food, often on the street. They are mainly women, who are often the main financial providers in the household.

Gender equality is a fundamental part of Fundación Espoir's vision and mission. Machismo is endemic in Latin America. It is rooted in the culture. It lives on in the wage gap, in the difficulties women face every day. But it also pushes women to be better, to move



forward, to contribute more, to change the mentality and to fight against macho prejudice.

65% of Fundación Espoir's 398 employees are women. Eighty percent of all supervisory positions in Fundación Espoir are held by women. Claudia Moreno, its Deputy Executive Director and a woman, is next in line to become CEO.

When it started micro-financing in 1993, Fundación Espoir exclusively targeted female customers. However, some 10 years ago, based on its principles of equity and equality, the company decided to reach out to all vulnerable and underserved segments of the Ecuadorian population – including men, who now constitute some 15% of its customers.

For companies to grow and prosper, generate jobs and build expertise, they often need not only tailor-made investments but also the skills and know-how to increase their business performance and improve sustainable business development practices at all levels.

Through grants from the Business Development Support Fund, BIO co-finance technical assistance (TA), feasibility studies (FS) and investment support. The fund's subsidies also allow companies overseas to improve on ESG-practices and obtain specific certifications and labels.

TA Projects approved in 2020 (EUR)

Name	Country	Region	Amount approved by the Credit Committee
ACEP group	Multi	SSA	12,565.00
Adenia Capital III	Multi	SSA	100,000.00
Agri vie	Multi	SSA	350,000.00
AHIBA	Honduras	LAC	32,744.60
Alterfin	Multi	Multi	20,125.00
Azalaiï	Mali	SSA	29,727.50
CMC	DRC	SSA	11,839.10
Geuther	Vietnam	Asia	5,928.60
Geuther	Vietnam	Asia	32,579.60
JTF	Madagascar	SSA	17,463.50
Kaizen	Multi	Asia	300,000.00
Solarnow	Uganda	SSA	27,000.00
Varthana	India	Asia	14,396.00
Zoscales	Ethiopia	SSA	350,000.00
			1,304,368.9

The Fairtrade Access Fund
Technical Assistance Facility

An intrinsic part of the investment strategy of the Fairtrade Access Fund (FAF) is its technical assistance facility (TAF) of EUR 3.5 million to support FAF-investees and potential investees in attaining their development potential. This facility helps:

- improve the productivity and/or quality of smallholder farmers' crops;
- improve the capacity of smallholder farmers to comply with fair trade and sustainable certification processes;
- build the capacity of FAF investees and potential investees, particularly Producer Organisations, to manage their business effectively and efficiently by improving management, governance and planning capabilities;
- strengthen the operational and social performance management of FAF investees and potential investees by implementing poverty assessment tools, farmer socio-demographic baselines and profiling activities;
- contribute to a fair agricultural sector through knowledge sharing by developing and elaborating case studies, thematic research and learning events.

Projects supported by TAF include Café Orgánico Marcala in Honduras. Here TAF supports organic fertiliser production to increase the cooperative's financial sustainability, minimise the negative environmental impacts of coffee production and encourage farm diversification. Another example is the Kenyan Ten Senses, where software and mobile applications to improve farmer productivity and to support the profitability of Ten Senses' cashew business are being introduced.



EDFI – joining forces against the covid-crisis

As a result of covid-19, some 19-22 million jobs will likely be lost in Africa, with trade restrictions also limiting access to health equipment and food supplies. The private sector has been severely impacted, with tourism, manufacturing and other markets contracting substantially, with an immediate impact on the lives and wellbeing of vulnerable populations. While European governments have made large-scale financial commitments to support their own markets, most African governments lack the resources necessary to support their economies to the same extent.

The missing piece of the global response to the developing crisis in Africa is targeted support for the private sector. Ideally, governments and DFI shareholders should redirect some existing aid financing to DFIs for delivery to the private sector, loosen credit criteria so that DFIs can take on more risk and commit significantly more funding, such as through a guarantee fund.

EDFI is an association of 15 European bilateral Development Finance Institutions. Its mission is to foster cooperation among its members and to strengthen their relationship with the institutions of the European Union, principally with the European Commission and the European Investment Bank. BIO has been a member of EDFI since 2001.

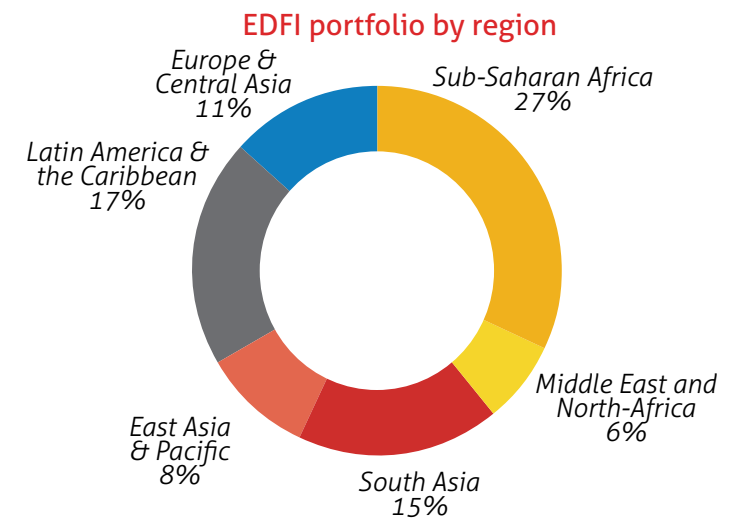
That is why, in 2020, EDFI members – including BIO – worked together to provide and mobilise billions of dollars of funding to help the private sector deliver critical healthcare supplies, ensure that MSMEs have access to capital and strengthen global supply chains which sustain millions of workers in developing countries. EDFI members also scaled-up long-term capital for restructuring and rebuilding businesses across the most affected sectors including transportation, tourism, food supply chains and logistics – all with a close eye on their gender and climate goals. Technology is also a focus, with the goal of increasing digital connectivity for the vulnerable as well as leveraging technology to improve access to markets and services.

Moreover, eleven EDFI-members, including BIO, joined forces with the European Investment Bank (EIB) to create a new, dedicated covid-19 financing initiative through the existing European Financing Partners-scheme (EFP). The EUR 280 million initiative supports financial institutions and businesses in developing countries and ensures that businesses can continue to attract investment. Since its establishment in 2003, the EFP partnership between European DFIs and the EIB has supported 45 sustainable projects across 17 countries, at a value exceeding EUR 600 million.

European DFIs also promoted alignment in the measurement and reporting of development impact, the so-called Joint Impact Model (JIM). The JIM is a publicly available model initiated by Steward Redqueen, CDC, FMO and Proparco and joined by the African Development Bank, BIO and Findev Canada shortly after its launch. The aim of the initiative is to bring comparability, accountability and transparency to the financial industry by measuring key impact indicators in a harmonised way.

The portfolio of the 15 EDFI members:

- EUR 43.8 B in 6,140 investments – EUR 2.2 B less than 2019 due to the covid-19 pandemic.
- EUR 10.1 B in climate finance, three-quarters of which are investments in solar, wind and hydro.
- More than EUR 17.4 B paid by EDFI-backed business (direct investments, financial institutions and fund investees) to their respective governments in the form of taxes and fees.



SDG Frontier Fund

On the 10th March 2020, the first closing of the SDG Frontier Fund took place at EUR 25.3 M thanks to the participation of nine Belgian private and institutional investors, including AG Insurance, Belfius Insurance, King Baudouin Foundation, Volksvermogen, vdk bank, several family offices and BIO. Its goal is to generate a high development impact together with an attractive financial return. After this successful first closing, SDG Frontier Fund is still looking for investors to reach the target size of EUR 50 M.

The SDG Frontier Fund is a self-managed co-investment vehicle which seeks to invest, together with BIO, in private equity funds active in Africa and Asia. The fund will capitalise on BIO's extensive expertise in the field since 2001, while also benefitting from its services at middle and back-office level.



To commemorate the creation of the SDG Frontier Fund, its investors were presented with an artwork from the Belgian digital artist from the African diaspora, Audrey Marion Uhorakeye, called **Hathor**. The design represents the Egyptian deity Hathor and symbolises the holy Inyambo-cow, which is very present in Rwandese culture. There is a parallel with the female deity – a universal mother and creator of all life – carrying a solar disc between her majestic horns.

In its first year the SDG FF approved four investments, in African Rivers Fund III, the Ascent Rift Valley Fund II, the Excelsior Capital Vietnam Private Equity Fund and the South Asia Growth Fund II.

- The African Rivers Fund III is a new mezzanine fund, to provide growth capital to approximately 35 SMEs in Angola, the Democratic Republic of Congo and Uganda, where the availability of SME finance is limited.
- The Ascent Rift Valley Fund II is a private equity fund that will primarily invest in fast-growing SMEs in Eastern Africa, with a focus on Ethiopia, Kenya, Uganda and including the possibility to invest in Rwanda and Tanzania.
- The Excelsior Capital Vietnam Private Equity Fund will support established Vietnamese SMEs active in different sectors in their growth, thereby taking advantage of the ongoing regional economic integration and meeting the needs of Vietnam's growing middle class.
- The South Asia Growth Fund II is a 10-year closed-end investment fund that will invest in energy efficiency, the clean energy value chain, water and environmental products and services (waste, food & agriculture, logistics and materials). The fund will target companies in Bangladesh and India.



Fishers filling their boats with ice – bought from a client of ARF III

Geographical scope

BIO invests in Least Developed Countries, Low Income Countries and Lower-middle Income Countries (i.e., the OECD's DAC-list). BIO can also invest in selected upper middle-income countries and pays particular attention to the partner countries of the Belgian Development Cooperation and to less developed countries.

In total, directly and indirectly, BIO may invest in 52 countries. Absolutely excluded are countries that function as offshore financial centres, as defined by Royal Decree and by the Global Forum on Transparency and Exchange of Information for Tax Purposes. For more information, please consult BIO's [webpage](#).

Instruments:
debt & equity

Financing:
€, \$ or local currency

Preference for:
Agriculture and agribusiness
MSMEs and financial sector
targeting MSMEs
Renewable energy

Latin America & Carribean	Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru
Sub-Saharan Africa	Benin, Burkina Faso, Burundi, Cameroon, Côte d'Ivoire, Dem. Rep. Congo, Ethiopia, Ghana, Guinea, Kenya, Madagascar, Malawi, Mali, Mozambique, Niger, Nigeria, Rwanda, Senegal, South Africa, Tanzania, Uganda, Zambia
Middle East & North Africa	Algeria, Egypt, Iraq, Jordan, Lebanon, Morocco, Palestinian Territories, Syria, Tunisia
Asia	Bangladesh, Cambodia, India, Indonesia, Myanmar, Nepal, Pakistan, Philippines, Sri Lanka, Vietnam

Composition & Gross remuneration Board of Directors and Investment, Audit & HR Committees for 2020

	Board title	Remuneration	Investment	Audit Committees	HR
Laurence Christians	Member	€ 7,000		x	
Françoise Demeuse	Member	€ 4,500			x
Koen Devoldere	Government commissioner Ministry of Budget – until 01.03	€ 2,000	x	x	x
Jean-Claude Fontinoy	Member	€ 10,000	x		
Xavier Godefroid	Acting president	€ 10,958			x
Jan Kerremans	Member	€ 7,000		x	
Carl Michiels	Member	€ 5,000			x
Peter Moors	Government commissioner Ministry for Development Cooperation	€ 10,000	x	x	x
Els Schelfhout	Vice president	€ 12,979	x		
Nancy Van Den Broeck	Government commissioner Ministry of Budget – from 01.03	€ 11,000	x	x	x
Bruno Van Der Pluijm	Director-General for Development Cooperation & Humanitarian aid – until 18.05	€ 4,000	x		
Annuschka Vandewalle	Member	€ 11,000	x		x
Pieter Verhelst	Member	€ 13,000	x	x	

Composition of Executive and Credit Committees

	Title	Executive Committees	Credit
Luuk Zonneveld	Chief Executive Officer	x	x
Yumi Charbonneau	Chief Legal Officer	x	x
Carole Maman	Chief Investment Officer	x	x
Denis Pomikala	Chief Finance Officer	x	x
Pierre Harkay	Development & Sustainability Manager		x

The Board of Directors decides on strategy and policy and exercises strict internal control on the basis of regular reporting. It oversees the implementation of BIO's mandate and has the final word on all investment projects.

The Investment Committee advises the Board of Directors on investment decisions and analyses and monitors the portfolio.

The Audit Committee supports the Board in its oversight responsibilities regarding internal control in the broadest sense, including internal control over financial reporting.

The Human Resources Committee assists the Board in human resource policy matters.

Composition Board of Directors from August 2021 onwards

	Board title
Samira Bersoul	Member
Jean-Christophe Charlier	Member
Laurence Christians	Member
Walter Coscia	Member
Annelies De Backer	Member
Géraldine Georges	President
Aline Godfrin	Member
Illias Marraha	Member
Peter Moors	Member
Frédéric Van der Schueren	Member
Dirk Van der Maelen	Government commissioner Ministry for Development Cooperation
Eddy Van Der Meersch	Government commissioner Ministry of Budget
Annuschka Vandewalle	Member
Pieter Verhelst	Vice president

Balance sheet

Assets	2020	2019	2018
Fixed assets	580,846,298	576,118,749	487,131,336
Intangible assets	61,66	15,794	216,198
Tangible assets	147,295	143,188	176,551
Financial investments	580,637,937	575,824,768	486,738,587
Loans	383,359,73	392,25,786	342,212,236
Equity	197,263,437	183,784,332	144,526,351
Other	14,797	14,65	-
Current assets	481,37,38	447,487,489	467,868,8
Securities	459,934,838	422,438,15	448,791,995
Cash at bank & in hand	7,76,33	1,833,994	9,11,716
Other current assets	13,675,51	14,215,39	9,965,369
Total assets	1,062,216,678	1,023,66,239	954,999,416
Equity & liabilities	2020	2019	2018
Equity	1,052,497,278	1,011,201,934	938,266,880
Capital	4,957,873	4,957,873	4,957,873
Reserves	993,329,692	968,329,692	903,329,692
Accumulated profit	11,636,113	26,220,416	29,942,511
Capital subsidy	42,440,000	11,400,000	
Provisions & deferred taxes	133,600	293,954	36,804
Liabilities	9,719,400	12,404,304	16,732,536
Amounts payable within one year	2,336,352	2,354,302	9,819,977
Accrued charges & deferred income	7,383,048	10,050,002	6,912,559
Total equity & liabilities	1,062,216,678	1,023,606,239	954,999,416

The balance sheet total increased by 39 million (+4%) from EUR 1,024 M to EUR 1,062 M. This increase is mainly due to the new capital and capital subsidies received from BIO's shareholder. Financial fixed assets, consisting almost exclusively of the investment portfolio, grew by 1% in 2020. Cash and cash equivalents and investments grew from 42% to 44%. Shareholder equity increased by EUR 38 M under the cumulative effect of (i) new allocations to unavailable reserves of EUR 25 M and to net capital subsidies of EUR 31.04 M and (ii) the loss for the financial year of EUR 14.584 M. The provisions for liabilities and charges mainly include the amount set aside for a possible adjustment of VAT.

Income statement

	2020	2019	2018
Income	25,021,039	26,883,018	28,663,264
Treasury income and securities	293,884	300,287	97,415
Income on loans (interests + fees)	21,350,462	20,389,313	18,188,801
Income on Equity (dividends + capital gains)	3,376,694	6,193,417	10,377,048
Project charges	-575,334	-1,230,324	-1,448,402
Gross margin	24,445,706	25,652,693	27,214,862
Operating costs	-10,221,205	-9,469,585	-8,875,667
Net margin	14,224,501	16,183,109	18,339,196
Provisions and write off on projects (cost of risk)	-27,247,825	-18,533,043	-7,419,553
Operating result	-13,023,324	-2,349,935	10,919,643
FX Results	-1,560,979	-2,226,735	333,052
Extraordinary result	-	-	-
Result before taxes	-14,584,303	-4,576,670	11,252,695
Taxes	-	854,574	-807,171
Net Result	-14,584,303	-3,722,096	10,445,524

The growth of the outstanding loan portfolio (+1.5%) over the financial year made it possible to generate 5% more interest and commission income. The average rate of return on the loan portfolio has remained stable at 5.6% over the past four years. The capital gains realised on the resale of participations were EUR 2.6 M lower than in 2019. This concerns only direct participations, given that the current structure of BIOs fund portfolio will only generate significant capital gains in the medium term. Capital gains on direct holdings are volatile by nature and depend on exit opportunities. BIO received EUR 0.415 M less in dividends from its participations. This concerns only dividends from direct holdings. After deducting direct costs linked to projects (various commissions, travel expenses, bank transfer costs etc.) which had lowered significantly because of – amongst others – restrictions on travel, the gross margin declined by 5%, in line with the evolution of income. Operating costs rose by EUR 0.752 M to EUR 10.221 M, representing a growth of 7.9% (7.2% excluding inflation). As a result, the net margin is down 12% to EUR 14.2 M, insufficient to offset the sharp rise in the cost of risk. The operating result shows a negative balance of EUR 13.023 M. Finally, the hedging instruments linked to the new loans underlying the increase in the cost of risk were unwound during the first quarter of 2020 with a net foreign exchange loss in excess of EUR 2 M. This amount was provisioned in the 2019 accounts. BIO has no debts with regards to taxes for the financial year and ends the year with a loss of EUR 14.584 M.

Beyond the eclipse II

A message from Luuk Zonneveld, BIO Chief Executive Officer

The eclipse

Some perceive the covid-pandemic to have affected the health-situation in developing countries less than that in the industrial world, with some notable exceptions in India, Latin America and South Africa.

This may be partly explained by a generally younger population, that is more virus resistant. The reduced mobility within the countries themselves also slows the virus. Another factor, that is often neglected or downplayed in Western media, is that in the past decennium many of these countries – especially in sub-Saharan Africa and Asia – already had to cope with half a dozen viral pandemics. The plans and measures that grew out of these experiences proved their value when covid hit. Finally, we might not be getting the full picture due to less testing and less transparency.

Development Finance Institutions like BIO are needed more than ever to jump in where many governments cannot.

There are unfortunate exceptions to this lower impact. In India, the world's second most populous country, extremely high population densities help spread the disease. In Ecuador and Peru, international maritime ports probably facilitated the influx of the virus. And in Brazil (where BIO has not yet invested directly) the government mixes negation and mismanagement of the pandemic.

In contrast and addition to this health impact, there is the economic impact, which is often much greater. Governments in industrialised countries pumped astronomical amounts of money into distressed businesses and income protection measures – yet this still wasn't sufficient to prevent their economies from slowing down. This led to a reduction in imports and exports of goods and services, severely impacting the rest of the world – which contains countries that don't always have the financial and human resources to remedy these blows.

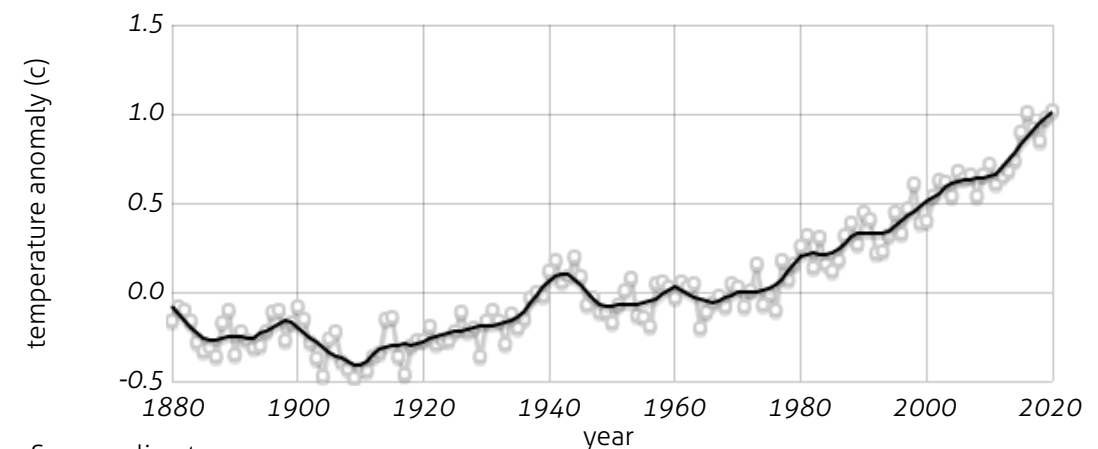
This means that in pandemic times, Development Finance Institutions like BIO are needed more than ever to jump in where many governments cannot. This entails providing investment capital, financial services, standstill agreements and moratoria for loans, as well as additional capital to safeguard those firms that risk collapsing without it.

The DFIs have taken urgent measures to mitigate the impact of the crisis, to protect their staff and to put plans in place to support their clients' immediate needs. But they must also think ahead and invest in new projects in the medium to long term, until the virus has been eliminated.

In times of high uncertainty, with private financial flows to and within Africa having come to a near stop, DFIs should invest countercyclically and lead other investors back into these stricken markets. To do this, they need support, in particular a combination of risk-sharing capital and new flexibility to respond beyond their current capacities.



Luuk Zonneveld



Source: climate.nasa.gov

Beyond

It is risky to speculate about the future while a global crisis is still raging. But even at the time of writing this report, a number of perspectives are emerging for life beyond the pandemic.

First, many developing countries are demonstrating socio-economic resilience and show initial signs of a strong rebound. Various African nations are even returning to their pre-pandemic, record-breaking growth figures. The countries BIO works in seem to become increasingly adept at navigating the covid-waves. This improves their long-term economic prospects and offers more opportunities for investors to make new investments. Today, while risks may indeed be relatively higher, the returns are also more likely to materialise and the higher development impact of these investments could be record-breaking as well.

Second, the domestic generosity of industrialised countries at the height of the pandemic will lead to reduced resources for supporting and investing in the developing world for years to come. This means that DFIs, who already have billions of capital at their disposal, will be needed more than ever to invest in supporting jobs and income and in creating fiscal revenues for their target countries.

Third, while pushed into the background by the current global crisis, climate change is a much more dangerous global disaster, looming right around the corner. The effects of the pandemic will last for several years. Corona killed millions and pushed hundreds of millions into extreme poverty and hunger. But this is nothing compared to the likely consequences of global warming.

Industrialised countries are only recently starting to experience the havoc climate change can wreak. In Africa, Asia and Latin America such devastation has already become much more pervasive and structural. There, extreme heat, severe droughts, tsunamis, floods and earthquakes are becoming the new normal. Failed harvests and diminished access to drinking water closely follow. Farms, homes and communities are laid to waste, with economic collapse in its wake.



It took decades to raise awareness on climate change. Today, even with all-out global measures, it might take several decades to get it under control – if ever. It will be a huge threat to our livelihoods and ways of life, especially for the most vulnerable people in the most vulnerable places. Mitigation of and adaptation to climate change should be the red thread in global politics and in particular in development finance, to the extent that they aren't already.

This is why BIO shared a commitment with its fellow EDFI-members to phase out fossil fuels and to mobilise private sector climate finance. All new financing decisions will be aligned with the objectives of the Paris Agreement by 2022 and EDFI-members will ensure that their portfolios achieve net zero emissions by 2050 at the latest. New coal or crude oil projects will no longer be financed. Gas will gradually be phased out by 2030. This commitment covers not only direct investments, but also indirect investments made through investment funds and dedicated lending via financial institutions.

There is much to do, both in the wake of the current crisis and in the face of the climate challenges ahead. DFIs, like BIO, are ideally positioned to play their part and will continue to do so.

The Belgian Investment Company for Developing Countries, BIO, is a Development Finance Institution established in 2001 by the Belgian Development Cooperation to support private sector growth in Africa, Asia & Latin America. BIO provides long-term financing to enterprises, the financial sector, and private infrastructure projects, as well as grants for feasibility studies and technical assistance programmes. BIO invests in projects with a balance between financial return and development impact. BIO is a member of EDFI (European Development Finance Institutions).

Colofon – August 2021

Responsible publisher: Luuk Zonneveld, CEO BIO nv/sa
Boulevard Bischoffsheimlaan 15
1000 Brussels, Belgium

Contents: BIO and its investees

Concept & editing: Tom De Latte, Ben Jhaes

Lay-out & graphic design: Tom De Latte

Translation: Evi Vanhooren

Pictures: copyright with BIO and its investees; cover picture by Milou Krietemeijer



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