DANISH SDG INVESTMENT FUND IMPACT REPORT 2023

INVESTMENT FUND FOR DEVELOPING COUNTRIES

DANISH SDG INVESTMENT FUND

CONTENTS

ABOUT THIS REPORT

This Impact Report covers activities of the Danish SDG Investment Fund, managed by the Investment Fund for Developing Countries (IFU) for the financial year 1 January to 31 December 2023. For further information on IFU and IFU managed funds and their contribution to sustainable development, please see IFU Annual Report 2023, available on IFU's website.

A note on how to read the report

The figures presented in this impact report draw on a number of data sources relating to the investments in the Fund's portfolio.

2023 figures: Where possible, figures are drawn from IFU's results frameworks agreed with investee companies at the time of investments. These are updated annually at the end of the year and used to provide an update on progress for the 2023 calendar year. These figures include reporting from all companies in the active portfolio end of 2023. Investments contracted in 2023 are excluded as companies do not report in the first year of investment. The 2023 figures are indicated as such throughout the report.

2022 figures: Other figures are drawn from IFU's annual sustainability reporting, which is submitted by investee companies annually for the previous financial year. These are the most recent available figures and valid typically for the 2022 calendar year only. These figures include reporting from all investments contracted before 2022, The 2022 figures are indicated as such throughout the report.

Cumulative figures: In addition, the report seeks to present figures on cumulative progress for the Danish SDG Investment Fund achieved since its first investments, and includes all investments to date – also investments which were exited in 2022 and 2023. These are indicated as 'cumulative' figures throughout the report.

Annual figures: Elsewhere, the report makes reference to annual 'snapshot' figures, which refer to the year in question only. These are indicated as such throughout the report.

LETTER FROM IFU's CEO

THE SDG FUND IS UNIQUE AS IT USES PUBLIC FUNDS TO MOBILISE PRIVATE CAPITAL FOR IMPACT INVESTMENTS IN DEVELOPING COUNTRIES

Impact investments - generating a positive impact on society and the environment as well as a financial return - have the potential to create a more sustainable world. The year 2023 marked the midway point towards the 2030 target for the Sustainable Development Goals (SDGs). While important progress has been achieved, hard won gains for some targets have been vulnerable to global crises of health, war and economy, and in some cases have regressed following the Covid-19 global pandemic. Elsewhere the gains are modest, and in 2023, the UN sounded the alarm: on current trajectories there is real risk that the goals may not be achieved by 2030.

This underlines the continued relevance of the Danish SDG Investment Fund (the SDG Fund). Managed by IFU and established in collaboration with some of Denmark's largest pension funds and private investors, the SDG Fund represents a collective response to the calls for greater private sector mobilisation towards the sustainable development agenda. Established in 2018, the fund has successfully invested DKK 3.7 billion (EUR 0.50 billion) in 27 project companies across Asia, Africa, Latin America and Eastern Europe.

With investments of close to one billion DKK in 2023 the SDG Fund became fully invested, and this report presents the first results of the full portfolio primarily invested within green energy & infrastructure, financial services, sustainable food systems and healthcare.

So far, the SDG Fund's investments have shown solid impact results. This includes the installation of more than 1,800 megawatts of renewable energy capacity, the support of 1.2 million patients annually, and 100,000 smallholder farmers producing sustainable food, for example. Moreover, the SDG Fund's requirements towards high standards within ESG management have led to improvements in project companies related to the implementation of written sustainability policies, environmental and social management systems, as well as policies to prevent corruption. These positive impacts will continue to develop as the project companies are moving forward.

The SDG Fund is unique as it uses public funds to mobilise private capital for impact investments in developing countries where private investors are normally reluctant to invest. Actually, through the SDG Fund, IFU has been able to mobilise close to five DKK in private capital for every DKK it has invested in its public funds. And this has been achieved even though close to 80 per cent of the capital is directly invested in countries classified as lower-middle or low-income countries, and with one third invested in Africa.

Based on the positive impacts created and a financial result that is expected to meet the annually targeted return of 10 -12 per cent net in DKK, IFU has started the fundraising for the Danish SDG Investment Fund II. This will add to the growing momentum for private sector resource mobilisation towards the SDGs, noting the UN's revised estimates for needed private sector mobilisation to urgently increase.

This is the third impact report documenting the achievements of the SDG Fund, which provides a strong example of how additional funds can be mobilised towards the SDG agenda through blended finance in collaboration with private sector investment partners.

We hope, you will enjoy the read.

Lars Bo Bertram
CEO

THE SDG FUND IN 2023

HIGHLIGHTS

- Six investments in 2023 totalling almost DKK 1 billion (EUR 0.13 billion).
- DKK 3.7 billion (EUR 0.50 billion) invested in 27 investments aligned with SDGs since 2018, including five exited investments in 2022 and 2023.
- DKK 14.5 billion (EUR 1.9 billion) in additional capital mobilised for 27 private sector companies supporting the SDGs in developing countries.
- 39 per cent of funds have been invested in Asia and 32 per cent in Africa.
- The SDG Fund investments have demonstrated solid improvements in ESG management between 2021 and 2023.

SDG	IMPACT SUMMARY [1]
1 NO POVERTY	Investments in microfinance investments supported more than 330,000 Micro, Small and Medium Enterprises (MSMEs) in 2023.
2 ZERO HUNGER	Investments supported close to 100,000 smallholder farmers in 2023.
3 GOOD HEALTH AND WELL-BEING	Healthcare investments served 1.2 million patients in 2023.
5 GENDER EQUALITY	Half of the investments are supporting gender-related business and social outcomes.[2]
7 AFFORDABLE AND CLEAN ENERGY	In total, more than 1,800 megawatts of renewable energy capacity have been installed by the investees.
8 DECENT WORK AND ECONOMIC GROWTH	More than 40,000 jobs supported since 2018, of which approximately a third are occupied by women.
10 REDUCED INEQUALITIES	78 per cent of funds are directly invested in countries classified as lower middle income or low-income countries with a third invested in African countries.
13 CLIMATE ACTION	Current investments in renewable energy accounted for some 2.3 million tCO_2e avoided annually in 2023.
17 PARTNERSHIPS FOR THE GOALS	More than DKK one billion (EUR 0.13 billion) reported in corporate taxes to support national governments in investment countries.

1) See annex 2 for explanatory notes on methodology and presentation of results in the report.
2) IFU is a signatory to the 2X Challenge for gender lens investing. See 2xglobal.org

SDG FUND OVERVIEW

SDG FUND BACKGROUND

IN 2023, THE SDG FUND BECAME FULLY INVESTED WITH TOTAL CONTRACTED INVESTMENTS OF DKK 3.7 BILLION

The SDGs constitute an ambitious global agenda to address challenges such as poverty, sustainable economic growth, as well as climate change, and require substantial financial resources for their achievement by 2030. Since the SDGs were launched in 2015, the private sector has played an increasingly pivotal role in this global effort by mobilizing private sector funds – tapping into resources beyond those available through traditional development assistance. The private sector also contributes to the SDG agenda by integrating sustainable business practices and driving innovation in technology and business models.

Much progress has been made in achieving the SDGs. However, at their mid-point in 2023, concerns have been voiced that while early progress was made, overall gains are modest – and even undermined through a series of recent global crises in health, politics and the economy. In 2023, the UN noted half of approximately 140 SDG targets have shown moderate or serious deviations from the desired trajectory, while more than 30 per cent have not progressed or even regressed[3]. Moreover, the UN's World Investment Report in 2023 reevaluated that the need for private sector investment to meet the 2030 agenda had increased from USD 2.5 trillion in 2015 to more than USD 4 trillion[4].

As such, the SDG Fund has become more relevant than ever. Established in 2018 by IFU in partnership with six Danish pension funds, including PKA, PensionDanmark, PFA, ATP, P+ and PenSam, and other investors, the SDG Fund was able to mobilise a commitment of DKK 4.86 billion (EUR 0.65 billion) for investment in commercial businesses aligned with the SDG agenda. Of the DKK 4.86 billion (EUR 0.65 billion) committed to the SDG Fund, DKK 2.9 billion (EUR 0.39 billion) was committed by the pension funds and private investors. The remaining DKK 1.9 billion (EUR 0.25 billion) was committed by IFU, including DKK 100 million (EUR 13.4 million) from the state development aid and a DKK 800 million (EUR 107.3 million) loan from Danmarks Nationalbank, guaranteed by the Danish state.

In 2023, the SDG Fund became fully invested with total contracted investments of DKK 3.7 billion (EUR 0.5 billion), almost exclusively in private equity transactions. The remainder of the fund has been set aside for possible follow-up investments and management costs.

As an impact investment fund, the SDG Fund is designed to generate impact through socio-economic benefits aligned with the SDGs, whilst also delivering financial returns for investment partners. IFU as fund manager makes investments according to its strategy of investing in green energy & infrastructure, financial services, sustainable food systems and healthcare. To create positive impact, while avoiding the risk of distorting local economies, IFU seeks to ensure that funds invested are financially additional – and not crowding out private investors. Thereafter, IFU's facilitating role allows it to scale funding for the investment by mobilising additional private sector finance from its partners.

The SDG Fund places particular emphasis on mobilising private sector funds towards four priority SDGs at portfolio level: Gender Equality (SDG 5); Decent Work and Economic Growth (SDG 8); Reduced Inequality (SDG 10) and Climate Action (SDG 13), while other SDGs are targeted as relevant by specific investments (see figure 1). These are prioritised based on IFU's expertise and know-how in developing the potential of investee companies, which means that the SDG Fund is well placed to contribute to sustainable outcomes. This is well aligned with IFU's overall impact priorities of building green, just and inclusive societies that steer the selection of all new investments. This is summarised in IFU's investment and impact model presented below (see figure 2).

3) The Sustainable Development Goals Report – Special Edition (UN; 2023).
4) World Investment Report 2023 – Investing in Sustainable Energy for All (UNCTAD; 2023).

Figure 1: The SDG Fund portfolio contributes towards four specific SDGs. Additional SDGs are supported and depend on the investment sector.

The SDG Fund focusses on specific SDGs at portfolio level.

ALL INVESTMENTS MUST HAVE VALUE CREATION PLANS FOR IMPROVING ESG PERFORMANCE AND GENERATING PROFIT

Investment projects contribute to additional SDGs linked to sector focus areas.

The theory of change

By providing risk capital to private companies operating within well-defined sectors and having individual impact creation plans the investments generate measurable outputs. These for example include climate mitigation and adaptation, improved access to basic goods and services, as well as quality jobs and women empowerment.

All investments must also have value creation plans for improving ESG performance and generating profit. This ensures that the business is viable in the long term, and can provide a return on investments to the investors in the SDG Fund, which corresponds to the risks involved in the investment.

For the societies, companies' outputs are transformed into more general outcomes and impacts that support sustainable development, the SDGs and contribute to the overall impact priorities.

Moreover, IFU investments mobilise additional capital from local as well as international investors thereby increasing the value and output of the companies, and the overall impact.

CBI, cement production in Ghana.

Figure 2: IFU's investment and impact model. Investing risk capital in private companies in developing countries with the purpose of creating impact and return to investors.

INVESTEES

INPUT

IFU invests...
- Capital
- Knowledge and competencies
- Experience

in private companies in developing countries

SECTOR

...into focus sectors
- Green energy & infrastructure
- Sustainable food systems
- Financial services
- Healthcare

having impact creation plans with specific targets

IFU

that are reinvested

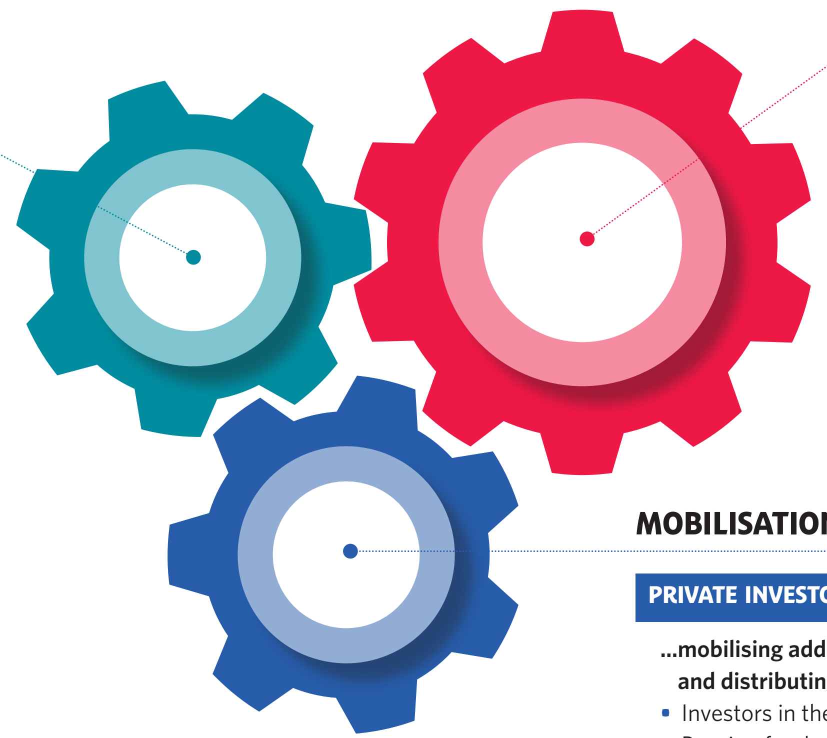
OUTPUT

...to achieve measurable results
- Circular business model
- Climate mitigation and adaptation
- Improved access to (basic) goods and services
- Quality jobs
- Women empowerment

and value creation plans for generating profits

RETURN ON INVESTMENT

and commercial returns...
- Interest
- Dividends
- Capital gains



SOCIETY

OUTCOME

...contributing to
- Decent work and economic growth
- Reduced inequality
- Climate action
- Gender equality

IMPACT

...ultimately contributing to impact priorities
- Building green societies
- Building just and inclusive societies

MOBILISATION

PRIVATE INVESTORS

...mobilising additional capital from and distributing earnings to
- Investors in the individual investments
- Pension funds and private investors in IFU public-private funds

MANAGING FOR IMPACT

IFU undertakes investments with a view to optimising socio-economic and environmental impacts aligned with the SDGs, while at the same time seeking to ensure that the risks of potential negative impacts are managed, mitigated or avoided.

To ensure positive impact, IFU screens its investments for alignment with strategic impact priorities, develops theories of change to clearly demonstrate how investments contribute to change, and agrees an impact results framework for each SDG Fund investment to monitor and manage performance related to development impact creation. This forms part of the investment agreement and is used to track the project's impact performance until exit.

TO REDUCE, MANAGE, MITIGATE AND AVOID NEGATIVE IMPACTS, COMPREHENSIVE DUE DILIGENCE PROCESSES ARE IN PLACE

To reduce, manage, mitigate and avoid negative impacts, comprehensive due diligence processes are in place. IFU screens and assesses potential investment projects for the SDG Fund against its exclusion list during the initial stages of the investment process.[5] Before contracting, each investment is then assessed in more detail during due diligence against the IFC Environmental and Social Performance Standards – an internationally recognised framework for managing sustainability risks and impacts based on a number of international core conventions, declarations and agreements, including the ILO conventions and the UN Guiding Principles on Business and Human Rights. The IFC Performance Standards cover issues relating to labour and working conditions, resource efficiency and pollution prevention, community health, safety and security, land acquisition and involuntary resettlement, biodiversity conservation and sustainable management of natural resources, protection of indigenous peoples and cultural heritage. Human rights issues are thus an integral part of the standards. However, if risks of severe adverse human rights impacts are identified, IFU will conduct a more thorough human rights impact assessment to identify the need for additional mitigation measures, thereby complying with the IFC Performance Standards.[6]

At contracting phase, each investee company commits to a written environmental social action plan describing the specific mitigation measures to be implemented to respond to identified gaps in relation to the requirements in IFU's sustainability policy and the relevant IFC Performance Standards. All projects are also required to adopt a written sustainability policy and a written stand against corruption as well as establish an environmental and social management system and a grievance mechanism for receiving, processing and settling complaints by individuals and communities. The requirements must be met within a reasonable timeframe and are thus not an entry condition for funding. IFU's active ownership throughout the investment period includes monitoring project performance and ensuring implementation of the measures in the action plan.

Órigo, solar farm in Brazil.

5) IFU's exclusion list is aligned with EDFI's exclusion list, which prohibits funding of listed activities that have a detrimental environmental and social effect, including the destruction of high conservation areas, forced and/or child labour and fossil-fuel related activities, amongst others. The list was updated in April 2022 to include more stringent requirements relating to its climate policy.
6) See IFU's human rights policy.

SDG FUND OVERVIEW

SDG FUND PORTFOLIO 2023

By the end of 2023, the SDG Fund had invested a total of DKK 3.7 billion (EUR 0.5 billion) in 27 companies, almost exclusively as equity. In 2023, this included additional close to DKK 1 billion (EUR 0.13 billion) in five new investment projects in renewable energy (Bright), waste management and waste-to-energy (Blue Planet), SME lending and microfinance (Ugro Capital, Arohan); hospitals and healthcare (ODM). Moreover, additional financing was provided for one ongoing investment (DCDC).

During 2022 and 2023, the SDG Fund exited five investments, such that contracted investments remained at DKK 3.3 billion (EUR 0.44 billion) at year-end 2023.

Table 1 lists the active investments in the portfolio by year-end 2023, with details on the year of investment, country, sector and amount invested into each project.[7] Table 2 lists portfolio investments which have been exited in 2022 and 2023.

Table 1: SDG Fund investments 2018 - 2023

No.	Investment	Year	Country	Sector	Amount (DKKm)	Amount (EURm)
1	Better Energy Ganska	2018	Ukraine	Green Energy & Infrastructure	37.3	5.0
2	Hospital Holdings Inv	2019	Africa (regional)	Healthcare	62.5	8.4
3	Frontiir Myanmar	2019	Myanmar	Information & communications	73.1	9.8
4	Pakistan Clean Energy	2019	Pakistan	Green Energy & Infrastructure	86.9	11.7
5	JCM Power Corporation	2019	Global	Green Energy & Infrastructure	170.1	22.8
6	DC-Viaduto	2020	Brazil	Other services	39.2	5.3
7	Humania North Africa	2020	Egypt	Healthcare	291.2	39.1
8	Bancosol	2020	Bolivia	Financial services	195.3	26.2
9	Vinte	2020	Mexico	Housing	127.3	17.1
10	DCDC Health Services	2020	India	Healthcare	75.4	10.1
11	Eranove	2020	Cotê d'Ivoire	Green Energy & Infrastructure & Other	186.6	25.0
12	Global Tea Limited	2021	Africa (regional)	Sustainable Food Systems	69.6	9.3
13	SASAII	2021	South Africa	Student housing	91.0	12.2
14	Cleanmax	2021	India	Green Energy & Infrastructure	185.0	24.8
15	CBI Ghana	2022	Ghana	Low carbon cement	107.3	14.4
16	Augment Origo DG	2022	Brazil	Green Energy & Infrastructure	303.1	40.7
17	Suminter Organics	2022	India	Sustainable Food Systems	204.1	27.4
18	Bright	2023	Mexico	Green Energy & Infrastructure	209.2	28.1
19	Ugro Capital	2023	India	Financial services	199.9	26.8
20	Arohan	2023	India	Financial services	166.0	22.3
21	Blue Planet	2023	Asia (regional)	Green Energy & Infrastructure	246.4	33.1
22	ODM	2023	Morocco	Healthcare	156.8	21.0

Table 2: Exited SDG Fund investments in 2022 and 2023

No.	Investment	Year	Country	Sector	Amount (DKKm)	Amount (EURm)	Exit
1	United Exports	2018	South Africa	Sustainable Food Systems	74.6	10.0	2022
2	Daystar Power Group	2020	Nigeria	Green Energy & Infrastructure	124.2	16.7	2022
3	Acme Aklera	2021	India	Green Energy & Infrastructure	102.1	13.7	2023
4	Africa Education Holdings	2019	Africa (regional)	Education - tertiary	45.9	6.2	2023
5	Leap India	2019	India	Sustainable Food Systems	94.9	12.7	2023

7) The table does not include an investment in Radisson Telegraph Hotel, Georgia, which was reported in the 2021 report. The investment did not proceed and was cancelled in 2022 before funds were disbursed.

INVESTMENTS IN REGIONS

The SDG Fund invests exclusively in developing countries, as defined by the OECD. The SDG Fund has invested directly in 13 developing countries since 2018, as indicated in table 1. These are predominantly spread across Africa, Asia, Eastern Europe and Latin America as indicated in figures 3 and 4. Of these, most are classified as lower middle-income countries (LMIC) by the World Bank, which have some of the lowest incomes per capita in the world.[8] Among these, three are classified as fragile and conflict affected states (Ukraine, Nigeria and Myanmar).

Overall, the SDG Fund's investments between 2018 and 2023 have maintained a strong focus on direct investment in Africa with approximately one third of its volume invested in companies with African operations. However, the largest proportion has been invested in Asian countries, predominantly India, where investments are focussed on supporting India's transition to a green economy and access to financial services.

In addition, the SDG Fund has also invested indirectly in an additional set of countries through companies expanding their global operations. Indirectly, the SDG Fund has invested in operations across an additional 18 countries, of which 11 are countries in Sub-Saharan Africa, categorised as least-developed countries by the UN.[9]

This means that the SDG Fund has been successful in targeting developing countries, where there is most opportunity for improvement in sectors targeted by the fund. Typically, countries with lower levels of income per capita also have the lowest levels of foreign direct investment.

Figure 3: Fund investment by region (DKKm, 2018-2023 - cumulative)

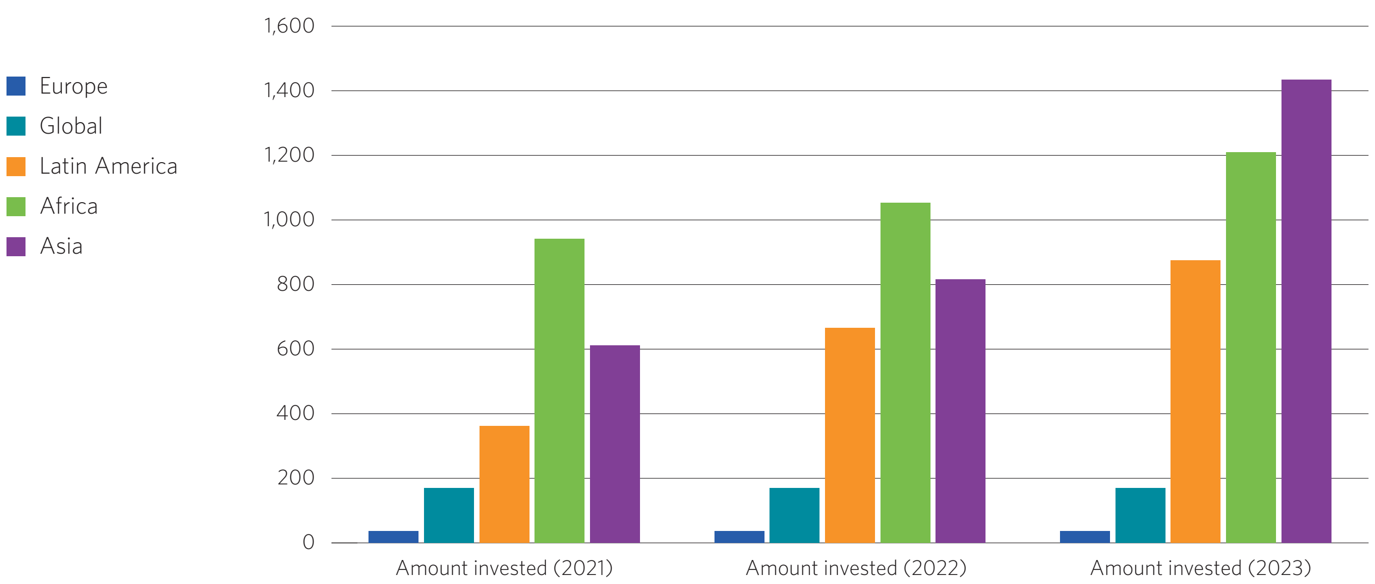
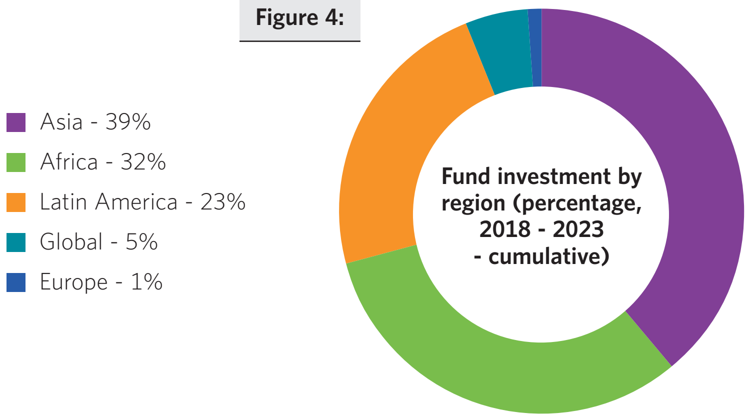


Figure 4:



8) In 2023, the world bank defined LMICs as having an income per capita of between USD 1,086 and USD 4,095. LMICs are the second of four wealth categories, above Low income countries (LIC) and below upper middle income countries (UMIC). Brazil, Mexico and South Africa are recipients of SDG funding classified as UMIC countries and are among a more wealthy group of developing countries.

9) Eranove (Mali, DRC, Gabon, Senegal, Togo, Benin, Madagascar); Suminter (India, Uganda, Ethiopia, Philippines); HHI (Kenya, Tanzania, Uganda); Global Tea (Kenya, Malawi); Africa Education Holdings (exited; Zambia, Uganda, Senegal, Malawi); JCM (Pakistan, Malawi); Blue Planet (Singapore, India, Malaysia)

SDG FUND OVERVIEW

INVESTMENTS IN SECTORS

The SDG Fund not only invests in difficult markets, where private capital is scarce; it also invests in sectors with a high impact potential. As indicated in figure 6, the green energy and infrastructure sector comprises the largest proportion of the SDG Fund's investments, constituting 44 per cent of total investments. Other significant sectors of investment include healthcare (16 per cent), financial services (15 per cent) and sustainable food systems (12 per cent). Together, investments in green energy and infrastructure, healthcare, sustainable food systems and financial services total DKK 3,241 million (EUR 434.9 million), representing 87 per cent of the SDG Fund's investments.

READ MORE ABOUT THE FOUR MAIN SECTORS, THE INVESTMENTS AND IMPACTS ON PAGE 19 - 27

Figure 5: Fund investment by sector breakdown (DKKm, 2018-2023 - cumulative)

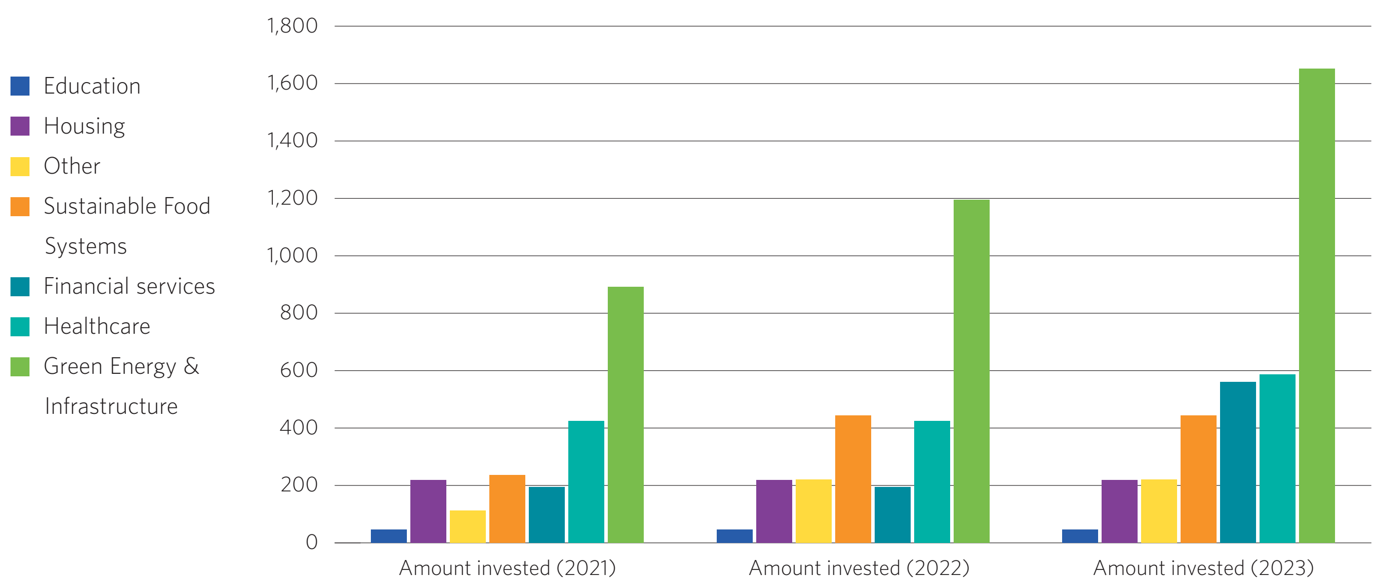
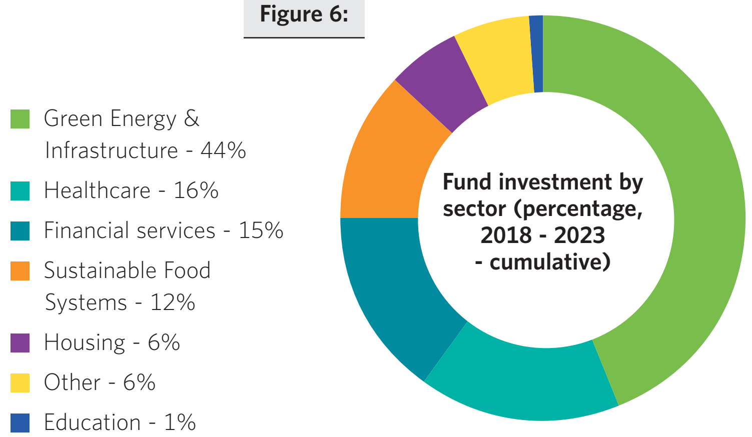


Figure 6:



SOLID SDG IMPACTS

The SDG Fund investee companies are primarily contributing to specific targets across ten SDGs, which are described in the following pages. While some contributions are specific to individual investments, others are cross-cutting and applicable across the investment portfolio. Portfolio-specific contributions to priority SDGs 5 (Gender Equality), 8 (Decent Work and Economic Growth), 10 (Reduced Inequalities), and 13 (Climate Action) are analysed briefly below. In addition, a summary of contributions to SDG 12 (Responsible Production and Consumption) and SDG 16 (Peace, Justice and Strong Institutions) is presented as cross-cutting concern for the portfolio. A summary of results is presented in table 4 + 5.

5 GENDER EQUALITY

SDG TARGET 5.5 promotes women's full and effective participation and equal opportunities in economic life.

Using the criteria of the 2X Challenge[10], the SDG Fund aligns with IFU's overall target that by the end of 2024 no less than 40 per cent of investments, including investments in funds and financial institutions, must be either 2X Challenge eligible or have plans in place to become eligible. This means that investments are prioritised where ownership, management, workforce or consumers significantly benefit the female gender.

Overall, 56 per cent of the SDG Fund investments are classified as investments meeting 2X criteria, which equates to 50 per cent of the contracted volume. Most of the investments achieved 2X Challenge eligibility status by being either founded by a woman or having strong female representation in leadership, and some achieved eligibility due to significant proportions of women in their workforce or due to providing services predominantly benefitting women. In addition, a number of investments, JCM, ODM and SASAII, are registered for the 2X Challenge, indicating an intention to prioritise promotion of gender equality.

CASE — BRIGHT // A 2X CHALLENGE INVESTMENT

FACTS

Investment year: 2023

SDG Fund investment: DKK 209.2m (EUR 28.1m)

Expected total investment: DKK 209.2m (EUR 28.1m)

SDG

Primary: 7 Affordable and clean energy, 13 Climate action

Secondary: 5 Gender equality

Bright, a leading distributed solar company, has the ambition to increase access to renewable energy in Mexico by offering subscription-based solar power solutions to homes and local businesses.

A clear ambition to empower women

The company qualifies as a '2X Challenge investment' because half of the current workforce are women. Going forward, Bright has the ambition to develop and implement a best-in-class gender strategy ensuring that the necessary future recruitments will preserve the current staff balance while enhancing career opportunities for its female employees even further.

10) The 2X Challenge was launched by development finance institutions of the G7 countries in 2018. The aim is to advance opportunities for women through enterprise support, leadership and career progression, quality employment and products, as well as services that enhance women's economic participation. IFU uses the 2X Challenge criteria to screen if an investment is 2X eligible. For details, see IFU´s Gender Equality Policy.

SDG TARGET 8.1 commits to sustaining economic growth for national economies, and particularly least developed economies.

The SDG Fund's investments contribute to stimulating growth in developing countries and emerging markets.The SDG Fund has supported businesses, which have generated earnings for companies, income for employees, and corporate taxes to support government finances, which is expected to catalyse further economic activity and indirectly contribute to economic growth and welfare.

During the 2019-2022 period, the SDG Fund's investments have generated some DKK 5.3 billion (EUR 0.71 billion) in domestic purchases, DKK 3.0 billion (EUR 0.40 billion) in wages for company employees and DKK 1.0 billion (EUR 0.13 billion) in corporate taxes. Altogether this represents some DKK 9.3 billion (EUR 1.25 billion) of funds to support economic activity in investment countries.

SDG Target 8.5 promotes equal and productive employment for all. Based on reporting by investments contracted between 2018 and 2022, the SDG Fund supported almost 30,000 jobs in 2022. Including new investments contracted in 2023, it is estimated that the fund has supported more than 40,000 direct jobs overall.

Notably, for six of 18 investments reporting on 2022, at least 30 per cent of available positions were occupied by women in 2022, and for five of the investments at least 20 per cent of available positions were occupied by youth under 25 years. This can be considered an achievement considering that many of the investments are in sectors where employment of women has traditionally been low.[11] Overall, seven investments increased the employment share of women between 2021 and 2022, while five investments increased the employment share of youth under 25 years.[12, 13]

SDG TARGET 10B promotes increased foreign direct investment to countries where the need is greatest, including African countries.

78 per cent of the SDG Fund's volume is directly invested in countries classified as lower middle income or low income countries with 32 per cent invested in African countries. Moreover, the portfolio includes investments in three countries classified as fragile and conflict-affected, and additionally, the SDG fund is indirectly invested in 11 Sub-Saharan countries classified as least developed countries. Overall, the SDG Fund has contributed to the mobilisation of DKK 14.5 billion (EUR 1.95 billion) additional capital for individual investments in developing countries, spread across 27 investments. This includes DKK 6.8 billion (EUR 0.91 billion) of private investment, and DKK 3.7 billion (EUR 0.50 billion) invested by the SDG Fund, of which private investors have provided 60 per cent.

Using public funds as leverage, the result is that for every DKK or EUR invested by IFU as public capital an additional 4.8 DKK or EUR in private capital has been mobilised.

SDG TARGET 12.2 commits to improving resource efficiency in consumption and production.

The SDG Fund has invested in various companies with different types of environmental impacts. In total, the GHG footprint for the SDG Fund dropped between 2021 and 2022. However, the attributed share grew to 0.22 million tCO_2e from 0.17 million tCO_2e in 2021. The rise in the attributable share can be explained through a relatively large ownership share in CBI Ghana. The investment in CBI Ghana supports an innovative technology to produce low carbon cement, which will reduce emissions per tonne by 20 per cent. Although the investment will contribute to reduced emissions overall, the GHG footprint is still significantly higher than other investments in the SDG portfolio previously.

11) 2X criteria identify thresholds for share of women inclusion in the workforce, which are adapted for different sectors. For example, in infrastructure, power and telecommunications sectors, the threshold is 30%; In financial services, manufacturing and agribusiness it is 40%, while it is 50% in healthcare and education.
12) Due diligence processes ensure that proper work conditions are provided to workers in SDG Fund investments, and where gaps are identified, corrective actions are required to ensure companies meet international labour standards. See page 8.
13) Calculation refers to employment share for SDG Fund investments providing reporting to IFU on 2021 and 2022 calendar years only.

SDG TARGET 13A commits to the mobilisation of funding to support climate mitigation and adaptation.

The SDG Fund has made ten investments at a total of DKK 1.65 billion in green energy and infrastructure projects since 2018. This corresponds to 44 per cent of the fund's total portfolio volume and represents the largest single sector of investments.

Overall, the total mobilised capital for these investments is DKK 6.68 billion, of which DKK 4.99 billion is private capital.

The current investments in renewable energy account for some 2.3 million tCO_2e avoided annually, which is expected to increase significantly, going forward.

SDG TARGET 12.6 promotes the adoption of sustainable practices and sustainability reporting by companies.
SDG TARGET 16.5 commits to reduction of corruption and bribery in all its forms.
SDG TARGET 16.6 promotes development of effective, accountable and transparent institutions at all levels.

Beyond creating positive impacts, the SDG Fund builds capacity of its investments to manage, mitigate and avoid the risk of negative impacts, which contributes to SDGs 12 and 16 in terms of sustainable management, reducing corruption and promoting accountable institutions.

As described in section 3.3, a comprehensive due diligence assessment is undertaken at the time of investment. This is used to identify areas for capacity improvement by investee companies in the area of ESG management, using the IFC Performance Standards as a reference point.[15] Key ESG capacity requirements are also reflected in IFU's sustainability policy, which requires investee companies to have five key ESG management components in place: a written sustainability policy, an anti-corruption policy, an environment and social management system, a dedicated staff member responsible for ESG management and a grievance mechanism for external stakeholders. While other ESG-related requirements may be placed on a company according to the country context or specific sector of activity, these are the minimum requirements that an SDG investee should have in place.

The table below provides an overview of the current progress made by SDG Fund investments in relation to these minimum requirements, as reported by portfolio companies.

Typically, not all requirements are in place when new investments are contracted, but are progressively implemented during the investment period. Since 2019, the portfolio companies have made significant progress across these key areas of ESG performance. And at the end of 2022, close to all companies had implemented four out of the five requirements. Implementing an Environmental and Social Management System is trailing a bit behind but has shown good progress, as one third of the companies have introduced such a system since 2019.

The table displays cumulative figures for the entire portfolio invested – including investments exited in 2022,[16] as well as figures for the active portfolio since 2018.

Table 3: Minimum requirements for ESG management, cumulative and active portfolio

Cumulative portfolio - end 2022[17]		
Indicators showing % projects with:	Status in 2022	% companies showing improvement since 2019
Written sustainability policy	95%	24%
Environmental and Social Management System	86%	33%
Dedicated person responsible for sustainability	100%	19%
Written stand against corruption	100%	19%
Grievance mechanism for external stakeholders	95%	38%
# of investments reporting	21	21

14) When also considering CBI Ghana and Suminter investments, almost half the portfolio volume is categorised as climate finance. See IFU's climate policy.
15) See Performance Standards on Environmental and Social Sustainability | International Finance Corporation (IFC).
16) Data is sourced from IFU's annual sustainability reporting, received from investee companies in 2023. As such the latest figures reflect the status at the end of 2022, and do not include reporting from the full 2023 portfolio.
17) Cumulative figures for portfolio presented. Annual figures for portfolio presented in annex 3.

SOLID SDG IMPACTS

SUMMARY OF RESULTS

Table 4: Portfolio allocations contributing to SDG 5, 10 and 13

SDG	Indicator	Unit	Status in 2023[18]	Status in 2022	Status in 2021
5 GENDER EQUALITY	Number of gender lens investments (cumulative)	%	56%	41%	30%
5 GENDER EQUALITY	Volume of gender lens investments (cumulative)	%	50%	30%	43%
10 REDUCED INEQUALITIES	SDG volume invested in LMICs or LICs (cumulative)	%	78%	78%	86%
10 REDUCED INEQUALITIES	SDG volume invested in Africa (cumulative)	%	32%	38%	44%
13 CLIMATE ACTION	Proportion of portfolio classified as climate finance investments (cumulative)	%	41%	41%	32%
13 CLIMATE ACTION	Volume of climate finance investments (cumulative)	%	49%	50%	36%
13 CLIMATE ACTION	SDG volume invested in Green Energy & Infrastructure	%	44%	44%	42%
13 CLIMATE ACTION	Total avoided GHG emissions annually through renewable energy	Million tCO_2e	2.3	1.6	1.2

18) Status in 2023 provided where available. For some indicators, reporting is dependent on annual sustainability reporting to IFU by investees, which reports on the previous calendar year. For these indicators status in 2022 available only.

IN TOTAL, THE GHG FOOTPRINT FOR THE SDG FUND DROPPED BETWEEN 2021 AND 2022

Table 5: Summary portfolio contributions to SDG 8 and 12

SDG	Indicator	Unit	Status in 2022	Status in 2021
8 DECENT WORK AND ECONOMIC GROWTH	Total direct employment	No.	30,104	27,420
8 DECENT WORK AND ECONOMIC GROWTH	Women employed	No.	9,900	8,960
8 DECENT WORK AND ECONOMIC GROWTH	Youth employed	No.	5,092	4,536
8 DECENT WORK AND ECONOMIC GROWTH	Domestic purchase annually	DKKbn	3.4 (EUR 0.46bn)	1.9
8 DECENT WORK AND ECONOMIC GROWTH	Total wages paid to employees annually	DKKbn	1.2 (EUR 0.16bn)	1.8
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Absolute emissions for SDG portfolio (annual)	Million tCO_2e	7.6	9.1
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Attributed GHG emissions for SDG portfolio	Million tCO_2e	0.22	0.17
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SDG portfolio emission intensity	tCO_2e/DKKm	121	131

INVESTMENT IN HIGH IMPACT SECTORS

In the following sections, each of the four prioritised sectors are presented, including the specific sector strategy, impact priorities, as well as some of the expected and achieved impact results. Close to 90 per cent of the invested volume is within these sectors, and consequently they also reflect the main part of impact. The figures included for the different sectors are selected to give the most essential insight into what kind of impact these sectors provide.

GREEN ENERGY & INFRASTRUCTURE

SDG TARGET 7.3
promotes increasing share of renewable energy in the global energy mix.

SDG TARGET 9.4
promotes increased efficiency and use of environmentally-sound technologies.

To support sustainable development that is in line with the Paris Agreement, a priority for the SDG Fund is to invest in increasing access to clean and affordable renewable energy from large-scale utility projects to residential home solar systems and off-grid solutions. Indirectly, this will lead to growing business activities and job creation as well as mitigating climate change.

Moreover, the SDG Fund gives priority to waste recycling and management to address growing urban challenges such as sanitation, congestion and rising air pollution. Circular business models supporting the green transition and creating new local jobs are also promoted. Across all areas the SDG Fund also focuses on energy efficiency as the most affordable way to decarbonise the economy and ensure reliable and renewable energy for all.

The SDG Fund's support to investment in renewable energy and infrastructure in emerging economies amounts to more than 40 per cent of the invested SDG volume, and seeks to support two objectives: firstly increasing the share of renewable energy in the global energy mix; and secondly increasing the use of environmentally sound technologies.

Overall, the SDG Fund has made ten investments in this sector. Two of these then were exited in 2022 (Acme Aklera and Daystar Nigeria).

In 2023, two investments were added to the portfolio: DKK 209 million (EUR 28 million) was invested in Bright, which provides rooftop solar power for homes and businesses in Mexico. Bright is a leading distributed solar company, with the ambition to increase access to renewable energy in Mexico by offering subscription-based solar power solutions to homes and local businesses. At the time of investment, Bright had installed more than 25 megawatts of solar power capacity for the benefit of 4,700 customers, and is committed to increase its business tenfold by 2027. DKK 246 million (EUR 33 million) was invested in Blue Planet, a waste disposal company with operations in India, Singapore and Malaysia. The investment will support the company to further boost its capabilities in two key areas in India – landfill reclamation and e-waste recycling.

Overall, the SDG Fund has supported generating capacity of more than 1,800 megawatts. By the time of exit, the investments are expected to have almost tripled renewable energy capacity across the invested companies.

CASE BLUE PLANET

FACTS

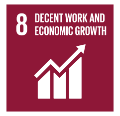
Investment year: 2023

SDG Fund investment: DKK 246.4m (EUR 33.1m)

Expected total investment: DKK 358.3m (EUR 48.1m)

SDG

Primary:



Secondary:

Blue Planet Environmental Solutions is a major sustainable waste management company with operations in India, South-East Asia and UK. Blue Planet is a leader in landfill bio-mining which is the reclamation of legacy landfills and re-purposing the recovered material into useful resources. It has successfully reclaimed over 500 acres from legacy landfills and processed more than 12 million tonnes of legacy waste, displacing the need for new materials and thus reducing carbon footprint.

Large e-waste recycling centres

As waste volumes are expected to more than double by 2030, there is a significant need for investments in innovative technologies and operations within the waste sector. The financing from the SDG Fund will further boost Blue Planet's capabilities in two key areas in India – landfill reclamation and e-waste recycling. The company plans to operate one of the largest e-waste recycling centres in India, recovering high value material from electronic waste components that are traditionally lost due to inefficient, inherently toxic and outdated treatment methods.

EXPECTED IMPACT

4 MILLION
tonnes legacy waste processed

80,000 TONNES
of e-waste recycled

850
new direct jobs

Table 6: Energy generation capacity installed (MW)

Investment	Country	2023	2022	2021
Active portfolio				
Pakistan Clean Energy	Pakistan	50	50	50
JCM Power	Global	130	130	130
Better Energy Ganska	Ukraine	19	19	19
Eranove	Cote d'Ivoire	604	604	604
Cleanmax Solar	India	726	543	472
Augment Origo	Brazil	238	138	
Bright	Mexico	25		
Exited portfolio				
Acme Aklera	India	Under construction at exit		
Daystar Power Group	Nigeria	15	15	12
Total installed energy generation capacity		**1,807**	**1,361**	**815**

Table 7: SDG Fund renewable energy portfolio. Renewable energy generated (GWh).

Investment	Country	2023	2022	2021	CO_2 avoided annually tons CO_2e (2023)
Current portfolio					
Pakistan Clean Energy	Pakistan	121	163	163	71,343
JCM Power	Global	264	177	177	141,499
Better Energy Ganska	Ukraine	19	20	22	14,566
Eranove	Cote d'Ivoire	1,495	1,470	1,897	697,064
Cleanmax Solar	India	1,237	787		1,176,290
Augment Origo	Brazil	466			132,319
Bright	Mexico	37			19,663
Annual production by 2023 portfolio		3,639	2,618	2,259	2,252,745
Exited portfolio					
Acme Aklera	India	Under construction at exit			
Daystar Power Group	Nigeria	16	16	12	8,382
Total annual production by cumulated SDG portfolio		**3,655**	**2,634**	**2,271**	**2,261,128**

HEALTHCARE

SDG TARGET 3.4 prioritises reduction of premature mortality from non-communicable diseases.

SDG TARGET 3.8 promotes universal health coverage for all.

Healthcare services are often out of pocket expenses that have significant negative impact on accessibility and lead to increased poverty for low-income groups.

On this backdrop, the SDG Fund invests in healthcare to increase access to affordable and high-quality healthcare services, especially for middle and low-income people. Consequently, focus is on business models supported by universal healthcare programmes or insurance schemes, including primary healthcare and hospitals.

Moreover, the SDG Fund focuses on investments within diagnostic technologies and pharmaceutical companies to improve prevention and treatment as well as provide better access to medicine.

One of the impact priorities when investing in private healthcare is to secure that it complements public healthcare strategies. This can be achieved by introducing new technologies, educating staff, and engaging in outreach activities targeting low-income groups, maternal and child health and people living in rural areas. Upgrading the healthcare system will also make it more attractive for doctors and nurses to stay at home or return from abroad, thereby reducing brain drain.

The SDG Fund's investments in healthcare play a critical role in emerging markets, especially low and middle-income countries (LMICs), where healthcare systems are often stretched and under-resourced. Boosting healthcare provision is also essential to support economic development. A healthy population is a productive one, and by addressing health challenges, such as infectious diseases and maternal and child mortality, countries can unlock the full economic potential of their citizens, while minimizing healthcare costs in the long run. Investing in healthcare also creates jobs, stimulates innovation, and attracts foreign investment. In essence, investing in healthcare in LMICs is not just a health intervention but a catalyst for economic prosperity and resilience.

Investing in LMICs is also increasingly crucial due to the rising prevalence of noncommunicable diseases (NCDs) in these regions. The growing burden of NCDs, such as cardiovascular diseases, diabetes, and cancer, not only poses a significant threat to public health but also places substantial strain on healthcare systems and economies. Addressing NCDs requires comprehensive healthcare interventions, including preventive measures, early detection and effective treatment.

The SDG Fund has undertaken four investments in the healthcare sector with a total commitment of DKK 586 million (EUR 78.6 million), representing the Fund's second largest area of investment:

- DCDC Health Services provides dialysis treatment to patients in a number of states in India. DCDC takes part in a public-private partnership where treatments to disadvantaged patients are funded by the Indian federal government.
- Humania North Africa builds and operates new hospitals in Morocco and Egypt, and an expansion of an existing hospital in Cairo.
- Hospital Holdings owns hospitals and clinics in Kenya, Tanzania and Uganda.
- Oncologie et Diagnostic du Maroc (ODM) was added to the portfolio in 2023, and is a network of diagnostic clinics and centers located in Morocco, specialized in the diagnostic and various treatments of cancer.

Table 8: Patients treated annually by Healthcare sector investments

Investment	Year	Country	Target at expected exit	2023	2022	2021
DCDC Health Services	2020	India	15,000	10,202	7,946	6,946
Humania North Africa	2020	Egypt/Morocco	827,000	416,319	325,477	345,523
Hospital Holdings	2019	Africa (regional)	1,923,263	773,931	816,245	806,407
ODM	2023	Morocco	141,000			
Total			**2,906,263**	**1.200.452**	**1.149.668**	**1.158.876**

Currently, the four investments are annually serving more than 1.2 million people with primary healthcare and treatment for specific diseases. When the projects are fully implemented the number of patients served annually is expected to increase to close to 2.9 million. Broadly, the four investments demonstrate progress as indicated. However, the Hospital Holdings company has serviced fewer patients in 2023 compared to the previous year.

The investments are made in countries that rank between 43 (lowest; Tanzania) and 70 (highest; Egypt) on the World Health Organisation Universal Health Coverage Index, which shows that investments are being made in countries where there is a high need for developing healthcare.

CASE ODM

FACTS

Investment year: 2023
SDG Fund investment: DKK 156.8m (EUR 21.0m)
Expected total investment: (EUR 21.0m)

SDG

Primary: 3 Good health and well-being; 10 Reduced inequalities

Secondary: 5 Gender equality

ODM is a leading healthcare provider in Morocco specialized in treating cancer. The company dedicates itself to delivering high-quality medical services to its patients. ODM seeks to make up for the significant lack of cancer screening and specific medical equipment for oncology in Morocco. Under-equipment in the healthcare sector leads to a substantial proportion of cancer cases currently not being treated by facilities and under appropriate conditions. ODM aims to have more than 230,000 patients screened for cancer over the next five years.

Realization of national universal healthcare strategy
IFU's investment is instrumental in bolstering ODM's efforts to enhance healthcare accessibility and quality across Morocco. The investment will serve a dual purpose, enabling ODM to not only expand its existing network, but also diversify its service offerings, thus contributing to the realization of Morocco's broader national healthcare strategy.

EXPECTED IMPACT

730,000
patients to receive oncology and radiology treatment at ODM facilities

230,000
expected to receive diagnostic tests at ODM facilities

60
per cent of patients are women

FINANCIAL SERVICES

1 NO POVERTY

SDG TARGET 1.4 promotes equal access to economic resources, including through access to microfinance.

Eradicating poverty everywhere is one of the principal SDGs. This includes a commitment to promote equal access to financial services. Microfinance is a well-established approach to provide financial lending services through small loans to people who would not usually be able to borrow from more formal banking institutions. This helps improve living conditions, while also providing access to savings that help improve resilience.

Targeted client groups and the rationale for this varies widely from context to context, but often include micro-enterprises, women and other groups living under the poverty line. Micro, small and medium-sized enterprises (MSME) in particular are the growth engines for emerging economies, as well as the backbone for employment. They are providing billions of people with a livelihood and are critical to achieving the SDGs and climate goals.

By investing in financial services, the ambition is to increase financial inclusion, drive economic growth and job creation, as well as reduce inequality. Moreover, the ambition is to work with financial institutions to promote their contribution to the green transition, and work towards increased adoption of digital technologies increasing resilience and outreach simultaneously.

By end 2023, 15 per cent of the SDG Fund portfolio was invested in commercial microfinance companies, comprising three investments in India and Bolivia. Since 2020, the SDG Fund has invested in Bancosol, an established Bolivian microfinance bank, with a focus on provision of loans and financial services to MSMEs. In 2023, the SDG Fund made two additional investments in Ugro Capital and Arohan in India. Together the three MFI investments target slightly different client groups in their respective contexts. However, all are engaged in providing loans to MSMEs, which are typically smaller businesses without access to financing through formal banking institutions. In 2023, the investments supported 330,000 MSMEs. For the three investments, this is expected to triple during the SDG Fund's investment.

Table 10: MSMEs supported through SDG Fund investments

# of MSME's supported

	2023	Target at exit
Bancosol	278,505	303,000
Ugro	32,000	519,000
Arohan	20,000	75,000
Total	**330,505**	**897,000**

During the period, Bancosol has continued to demonstrate consistent performance in line with objectives.[19]

Table 9: Financial inclusion performance of Bancosol

Indicator	Unit	Target at expected exit	2023	2022	2021
Loan portfolio	DKKbn	16.2	15.9	14.5	12.6
Individual credit clients	#	396,985	365,446	329,193	296,372
MSME clients	#	303,000	278,505	251,536	229,503
No of female credit clients	#	180,000	164,179	147,535	133.093
Depositors	#	1,193,482	1,350,638	1,153,909	1,073,698
% of clients below the national poverty line	%	25	N/A	21	26
Loan portfolio MSMEs	DKKbn	14	12.8	11.7	10.2
# of clients borrowing less than 5,000 USD	#	67,487	41,569	47,144	39,536
Clients trained	#	64,000	75,230	47,957	89,007

19) As new investments, Ugro Capital and Arohan have yet to report on progress to IFU, and progress is presented for Bancosol only.

The client book has increased by some 20 per cent since 2021, progressing well towards its agreed target in 2024. Its client base has consistently included approximately 75 per cent MSME clients, and close to 45 per cent of the clients are women. Typically, around 20 - 25 per cent of Bancosol clients have incomes below the national poverty line.

CASE AROHAN FINANCIAL SERVICES

FACTS

Investment year:
2023
SDG Investment fund:
DKK 166m
(EUR 22.3 m)
Expected total investment:
DKK 425m
(EUR 57.0m)

SDG

Primary:

1 NO POVERTY

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

Secondary:

13 CLIMATE ACTION

The SDG Fund has invested DKK 166 million (EUR 22.3 million) in Arohan Financial Services, being a microfinance institution in India. Established in 2006, Arohan is a mature micro finance institution (MFI), amongst the top 15 in India, with assets under management of around DKK 4 billion (EUR 0.54 billion).

Wants to impact 20 million lives

Arohan's mission is to empower underserved households by offering a range of financial services, in a manner sustainable for all stakeholders. The organisation envisions to impact over 20 million lives by 2027 and reach five million underserved households by 2025. Currently, Arohan serves around two million clients, of whom more than 98 per cent are women. The company targets states in India with low levels of financial inclusion, and has operations spread across 17 states. The investment will support the bank's continued expansion into underserved areas. In addition, the investment capital will support Arohan in establishing a Corporate Climate Resilience Strategy towards clients and encourage development of green products, such as loans and insurance to support climate adaptation.

EXPECTED IMPACT

20 MILLION
lives impacted through business initiatives

INCREASE ACCESS
to water, sanitation and home light appliances

ONE MILLION
more people with no previous access to financial services to be served

SUSTAINABLE FOOD SYSTEMS

SDG TARGET 2.3
promotes the doubling of agricultural productivity and incomes of small-scale food producers.

SDG TARGET 2.4
promotes sustainable food, production and practices.

SDG 2 focuses on the broader aspiration of eradicating hunger and ensuring food security. Producing enough food to feed the world population is a major challenge. Today, around 800 million people in the world do not have enough food to live a healthy, active life, and with a growing population food waste must be reduced, and food production needs to increase. The latter will put further pressure on global warming, as 30 per cent of global GHG emissions stems from agriculture and food processing activities.

Consequently, a priority for the SDG Fund is climate-smart farming that can increase access to healthy and affordable food products with high nutrition. In all investments, there is a strong focus on supporting cultivation and production methods that reduce GHG emissions and increase yield.

As developing countries are the most vulnerable and less prepared for climate change, the SDG Fund also has focus on adaptation, including drought resilient crops and irrigation.

Smallholder farmers are normally the main producers of food in developing countries. But the output per hectare is low, and often the farmers lack access to value adding processing, as well as distribution systems, leading to low-income levels. Therefore, investments that improve living conditions by supporting fair trade and increased productivity are prioritised.

Annually, one third of all global food production is wasted. In developing countries most waste is due to inadequate and insufficient storage and distribution systems. Consequently, the fund has also invested in food waste management to reduce pressure on land resources and GHG emissions, for example.

Since 2018, the SDG Fund has made four investments, of which two were exited in 2022 and 2023 (United Exports; LEAP India), leaving two remaining investments in the active portfolio:

- Global Tea is a tea sourcing and packing company located in Kenya, producing tea for both local consumption and for international export. The company also has large agricultural plantations in Malawi where they grow macadamia nuts and coffee. The company is supporting 3,000 smallholder farmers in Malawi, having a positive impact on the local economy in this least developed country (LDC).
- Suminter India Organics produces high quality natural organic ingredients and materials in socially responsible and environmentally sustainable conditions. The company works closely with over 90,000 smallholder farmers to grow, harvest and process organic goods using fair and ethical practices.

Table 11: Farmers supported

Investment	Country	Farmers supported in 2023
Global Tea	Kenya/Malawi	3,000
Suminter Organics	India/Uganda	93,000
Total		**96,000**

United Exports, blueberry production in South Africa.

CASE GLOBAL TEA

FACTS

Investment year: 2021
SDG Fund investment: DKK 69.6m (EUR 9.3m)
Expected total investment: DKK 137m (EUR 18.4)

SDG

Primary: 2 Zero Hunger, 7 Affordable and Clean Energy

Primary: 8 Decent Work and Economic Growth

In 2021, the SDG Fund invested in Global Tea, a family-owned agribusiness group with macadamia and coffee plantations in Malawi, as well as a tea sourcing business and tea blending and packing facilities in Kenya. The investment will allow Global Tea to continue its expansion plans in Africa. The company is a major employer of women in Kenya and Malawi and has a positive impact on the local economy.

Supporting smallholder farmers
Global Tea is Malawi's largest coffee producer and one of its top macadamia producers. It launched its smallholder macadamia programme in 2016 and is providing 300,000 seedlings to 3,000 farmers, along with technical agronomic support on managing pests and plant disease and other topics.

ACTUAL IMPACT

3,000
small-scale farmers supported in Malawi

11,500
tonnes macadamia nuts purchased from smallholders in 2023

3,542
employee

OUTLOOK: INVESTING FOR IMPACT

This third report has sought to summarise the achievements of the SDG Fund portfolio. Yet, positive results are expected to continue as the investments progress towards their expected targets. This is particularly the case for healthcare investments, where the investments are currently serving around 40 per cent of the number of patients expected by the end of the investment period. Similarly, renewable energy investments have not yet reached their full potential, with only 33 per cent of full expected capacity currently installed.

However, the achievements of the SDG Fund are more than the sum of its parts. The SDG Fund continues to demonstrate its relevance as a vehicle to mobilise private capital towards SDGs. There is growing acknowledgement of the importance of private sector mobilisation to support SDG ambitions, and revised estimates show that even more financial support is needed to reach the 2030 targets. This makes the SDG Fund an important example of what could be achieved elsewhere with blended finance catalysing private sector mobilisation. Building on this, IFU has started fundraising for the Danish SDG Investment Fund II in partnership with Danish investors.

SASAII, student accommodation in South Africa.

ANNEXES

ANNEX 1: ACRONYMS

ATP	ATP Livslang Pension
B2B	Business to business
DKK	Danish kroner
ESG	Environmental, social and governance
GBVH	Gender-based violence and harassment
GHG	Greenhouse gas
GWh	Gigawatt hours
IEA	International Energy Agency
IFC	International Finance Corporation
IFU	Investment Fund for Developing Countries
JCI	Joint Commission International
LDC	Least developed country
LMIC	Low and middle income country
MAYO	Mayo Clinic Healthcare
MSME	Micro, small and medium enterprises
MW	Megawatts
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
P+	P Plus
PenSam	PenSam Pension
PFA	PFA Pension Forsikringsaktieselskab
PKA	Pensionskassernes Administration A/S
SDG	Sustainable Development Goal
TEMOS	Temos International Healthcare
UHC	Universal Health Coverage
UN	United Nations

ANNEX 2: A NOTE ON METHODOLOGY

- The SDG Fund has made 27 investments to date, including five investments exited during 2022 and 2023. Where possible, the report presents the cumulative results of the fund since its launch, including investments exited during 2022 – and these results are indicated as cumulative. Where this is not possible, results are described as annual, and relate only to the active portfolio in 2023.
- Except in a few cases, results are calculated based on results received from SDG Fund investments, which were contracted prior to 2023, and therefore do not reflect five new investments contracted during 2023. However, as appropriate, targets for exit have been revised to reflect anticipated achievements of the new investments finalised in 2023.
- Results presented represent the achievements of the SDG Fund in each sector. Where multiple investments have reported against the same indicator, results have been aggregated to the extent possible.
- Results are drawn primarily from results framework reporting, which was received from investee companies in Q1 2024, such that results are representative of the full calendar year in 2023.
- Throughout the report financial figures have been provided in DKK with the equivalent amount in EUR in brackets. The EUR equivalent has been calculated using the DKK:EUR exchange rate valid on 31 December 2023, and are approximate.

ANNEX 3: SUMMARY OF SDG FUND RESULTS

SDG	Indicator	Unit	Status in 2023	Status in 2022	Status in 2021	Expected results at exit
1	Number of clients borrowing less than 5,000 USD	No.	41,569	47,956	39,536	67,487
1	Number of MSME clients	No.	330,505	251,536	229,503	897,000
1	Total volume of loans to MSMEs (2022 DKK FEX)*	DKKbn	12.8 (EUR 1.7bn)	11.5 (EUR 1.5bn)	10.2 (EUR 1.4bn)	13.6 (EUR 1.8bn)
1	Total volume of outstanding loans (2022 DKK FEX)*	DKKbn	15.9 (EUR 2.1bn)	14.3 (EUR 1.9bn)	12.6 (EUR 1.7bn)	16.2 (EUR 2.2bn)
3	Number of patients served annually	Million no.	1.2	1.15	1.12	2.91
3	Number of female patients served annually	No.	440,445	406,490	403,203	961,632
5	Number of gender lens investments	%	56%	41%	30%	40%
5	Volume of gender lens investments	%	50%	30%	43%	40%
5	Number of female clients in financial institutions	No.	164,179	144,424	133,093	180,000
7	Renewable energy capacity installed (cumulative)	MW	1,807	1,361	815	5,494
7	Renewable energy generated annually (cumulated)	GWh	3,655	2,634	2,271	10,599
7	Number of new connections to energy	No.	1,720,000	1,480,583	1,230,000	2,000,000
8	Total direct employment**	No.	40,725	30,014	27,420	n/a
8	Women employed**	No.	n/a	9,900	8,960	n/a
8	Youth employed**	No.	n/a	5,092	4,536	n/a
8	Domestic purchase annually	DKKbn	n/a	3.4 (EUR 0.5bn)	1.9 (EUR 0.3bn)	n/a
8	Total wages paid to employees annually	DKKbn	n/a	1.2 (EUR 0.2nbn)	1.8 (EUR 0.2bn)	n/a
10	SDG volume invested in LMICs or LICs (cumulative)	%	78%	78%	86%	n/a
10	SDG volume invested in Africa (cumulative)	%	32%	38%	44%	n/a
12	Absolute emissions for SDG portfolio (annual)	Million tCO_2e	n/a	7.6	9.1	n/a
12	Attributed GHG emissions for SDG portfolio (annual)	Million tCO_2e	n/a	0.22	0.17	n/a
12	SDG portfolio emission intensity (annual)	tCO_2e/DKKm	n/a	121	131	n/a
12	Companies reporting written sustainability policy in place	%	n/a	95%	100%	100%
12	Companies reporting Environmental and Social Management System in place	%	n/a	86%	84%	100%
12	Companies reporting dedicated person responsible for sustainability in place	%	n/a	100%	95%	100%
13	Proportion of portfolio classified as climate finance investments (cumulative)	%	41%	41%	32%	n/a
13	Volume of climate finance investments (cumulative)	%	49%	50%	36%	50%
13	SDG volume invested in Green Energy & Infrastructure	%	44%	44%	32%	n/a
13	Total avoided GHG emissions annually through renewable energy (no attribution)	Million tCO_2e	2,3	1.6	1.2	5,3
13	Attributed avoided GHG emissions annually	Million tCO_2e	n/a	0.07	0.04	n/a
16	Companies reporting written stand against corruption in place	%	n/a	100%	95%	100%
16	Companies reporting grievance mechanism for external stakeholders in place	%	n/a	95%	84%	100%
17	Annual taxes reported	DKKbn	n/a	0.70 (EUR 0.09bn)	0.33 (EUR 0.04bn)	n/a

ANNEXES

ANNEX 4: OVERVIEW OF SDG TARGETS REFERENCED IN THE REPORT

SDG	SDG sub-target*
Goal 1: End poverty in all its forms everywhere.	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment. 2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.
Goal 3: Ensure healthy lives and promote well-being for all at all ages.	3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being. 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
Goal 5. Achieve gender equality and empower all women and girls.	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
Goal 7. Ensure access to affordable, reliable, sustainable andmodern energy for all.	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries. 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

*) Summary taken from "Final list of proposed Sustainable Development Goal indicators".

SDG	SDG sub-target*
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
Goal 10. Reduce inequality within and among countries.	10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 per cent of the population at a rate higher than the national average. 10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard. 10.b Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes.
Goal 12. Ensure sustainable consumption and production patterns.	12.2 By 2030, achieve the sustainable management and efficient use of natural resources. 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
Goal 13. Take urgent action to combat climate change and its impacts.	13.a Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly $100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible.
Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	16.5 Substantially reduce corruption and bribery in all their forms. 16.6 Develop effective, accountable and transparent institutions at all levels.
Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection. 17.3 Mobilize additional financial resources for developing countries from multiple sources.

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Cover photo: Arohan Financial Services, microfinance institution in India. Other photos by Ernst Tobisch, IFU project companies and staff.

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