

IMPACT REPORT 2022

STRENGTHENING RESILIENCE FOR MSMEs
IN THE MIDDLE EAST AND NORTH AFRICA



Contents

3	Key Figures	IMPACT AT A GLANCE A glimpse of the key milestones related to SANAD's funding, investment, technical assistance and impact
4	Greetings	GREETINGS from the Chair and the Advisor
6	Crisis Resilience	7 EMPOWERING MICRO, SMALL, AND MEDIUM ENTERPRISES DURING CHALLENGES AND OPPORTUNITIES 13 Building resilient institutions to serve MSMEs in times of crisis 15 Nurturing growth and job creation in the agriculture sector – the story of Elboustan Flour 18 Addressing the market gap in SME leasing and factoring finance in Egypt
20	Impact and Sustainability	SANAD'S APPROACH TO MANAGING IMPACT AND SUSTAINABILITY and our contribution to the UN's Sustainable Development Goals (SDGs)
27	Operating Results	AN OVERVIEW OF SANAD – FACTS & FIGURES with graphs and charts
34	About SANAD	INTRODUCING THE FUND , our Board, and our Investors

Key Figures

All figures as at 31 December 2022

Funding



USD 491,000,000

Assets under management

16

Number of investors/donors

Investments



USD 404,000,000

Outstanding investment portfolio

USD 830,000,000

Cumulative volume invested in partner institutions

9

Active countries

42

Number of active partner institutions

Technical Assistance



334

Number of technical assistance projects managed¹



USD 24,000,000

Volume of technical assistance projects managed¹



22

Number of countries with technical assistance projects¹



36,000

People benefiting from capacity building¹

¹ Cumulative figure since SANAD's inception.

² Figures are modeled by SANAD based on primary reporting and third-party data.

³ Figure is based on the reporting of a sample of SANAD PIs on clients with individual subloans in their portfolio.

Impact



USD 1,600,000,000

Total volume of subloans facilitated to MSMEs and households¹

321,000

Number of indirect jobs supported by MSMEs receiving financing through partner institutions^{1,2}

109,000

Number of indirect female jobs supported by MSMEs receiving financing through partner institutions^{1,2}

46%

Share of female clients in portfolios³ of SANAD Debt Sub-Fund partner institutions

61%

Share of subloans disbursed to rural and semi-urban end-borrowers by Debt Sub-Fund

Greetings from the Chairperson of the Board



DR. DANIELA BECKMANN

is the Chairperson of the Board of Directors of the SANAD Fund for MSME and of the SANAD Debt Sub-Fund Investment Committee

Dear Reader,

Welcome to the SANAD Impact Report 2022.

The past year has been dynamic and challenging for the regions where SANAD invests, particularly the Middle East and Africa. It started out with the strong optimism for COVID-19 crisis recovery, but these expectations were quickly overshadowed by the consequences of the war in Ukraine. Micro, small, and medium enterprises (MSMEs), the engines of local economies, faced compounding headwinds such as rising energy costs, food shortages, and rapidly rising interest rates.

Against this backdrop, we are encouraged to see that SANAD's long-term strategy to contribute to an inclusive and robust entrepreneurial ecosystem that empowers MSMEs has led to positive outcomes.

In 2022, for instance, the SANAD Debt Sub-Fund reached a momentous milestone by enabling over USD 1.1 billion in loans to MSMEs and households through partner institutions since its initiation in 2011, addressing the persistent financing gap in the region. In 2022 alone, SANAD Debt Sub-Fund disbursed more than USD 79.5 million in loans to partner institutions serving the MSME sector, providing much-needed and reliable financing for businesses to continue and grow their operations. A large part of these loans was offered in local currencies to our partners, thereby ensuring neither they nor our end-borrowers are exposed to foreign-currency fluctuations in challenging times. In addition, SANAD further sharpened its focus on the underserved segments of the market, with a large majority of its financing channeled to micro and small clients most affected by the worsening economic environment. By working in partnership with 42 established partner institutions, SANAD contributed to employment, supporting over 48,000 jobs over the past year.

This past year, the SANAD Equity Sub-Fund completed its first exit with GlobalCorp, a leading Egyptian leasing company founded in 2015. The patient capital and comprehensive capacity-building provided by SANAD enabled GlobalCorp to become one of the largest leasing lenders in the country, providing critical services to SMEs. In 2022, the fund invested in Cartona, a leading B2B platform connecting Egyptian retailers with suppliers digitally – creating more equitable market access for small businesses and supporting Cartona's MSME customers in accessing financial services, thereby growing their client base and increasing their income.

The SANAD Technical Assistance Facility (TAF) contributed to SANAD's holistic approach by strengthening the impact of these investments and further bolstering the MSME ecosystem. During the year, the TAF carried-out initiatives totaling USD 10.2 million across 106 projects. The Womenpreneur Tour 2022, sponsored by the TAF, highlighted female talents in technology, innovation, and entrepreneurship in Algeria, Egypt, and Lebanon. Most notably, the TAF completed a groundbreaking study on how microfinance institutions in the MENA region could better support small businesses and the most vulnerable parts of the population to adopt more sustainable practices and adapt to climate change.

SANAD's partners, investors, and local institutions have played a vital role in the success of its mission. We are deeply grateful for their contributions and look forward to continuing our work together in solidarity and with determination to drive positive change and create a brighter future for MSMEs in the region.

On behalf of the Board of Directors, I am proud to share our SANAD Impact Report for 2022, which highlights our efforts to support MSMEs and build an inclusive system to enable them to withstand the challenges and continue to grow, especially during times of crisis.

With best regards,

DR. DANIELA BECKMANN

Chairperson of the SANAD Board of Directors

Greetings from the Advisor



IVETA TANCHEVA-NIKOLOVA
FUND DIRECTOR



MILENA BERTRAM
IMPACT & SUSTAINABILITY



MATHIAS DITTRICH
INVESTMENT MANAGEMENT



BURCU KARPUZ
INVESTMENT MANAGEMENT



KATERYNA MORTON
TECHNICAL ASSISTANCE

Dear Reader,

SANAD's operating environment in the Middle East and North Africa (MENA) and select countries in sub-Saharan Africa (SSA) remained difficult as countries returned to economic growth after the pandemic with considerable government debt and a weaker recovery in the micro, small, and medium enterprise (MSME) sector. In addition, the war in Ukraine posed additional pressure. During these turbulent times, we worked with SANAD's local partners to meet evolving needs and requirements, aiming to strengthen the overall financial ecosystem to serve MSMEs during times of crisis better.

At a time of volatility, funding has proven to be an essential tool for supporting MSMEs. Despite challenging market conditions. The fund ended 2022 with an outstanding portfolio of over USD 404.2 million, invested across its target regions. The financing was supplemented by 35 new business support initiatives led by the SANAD Technical Assistance Facility (TAF).

We focused SANAD's mission to reduce the financing gap for the underserved segments of the market, with over 97% of subloans enabled to micro and small businesses. The fund achieved this by working closely with microfinance institutions (MFIs) and nonbank financial institutions (NBFIs) and providing local currency loans using its "L-shares". This mechanism allows SANAD to engage in local currency loans and remove currency fluctuation risk for its partner institutions (PIs) and end-borrowers. The SANAD Debt Sub-Fund's local currency lending remained one of the key drivers for loan origination in 2022, given the continuously increasing demand from MFIs and NBFIs in times of high volatility in local currency markets.

Digitalization can empower MSMEs systematically and directly, and therefore it continued to be a very prominent topic for PIs, with 46% of the SANAD TAF's projects developed in the year including a digitalization aspect. The TAF has been instrumental to PIs in assisting them in digital transformation and strengthening IT infrastructure. In addition to accelerating digitalization among its partners, the TAF emphasized topics including entrepreneurship and MSME finance, sustainability, agricultural finance, and female empowerment.

From its inception to all projects closed in 2022, the SANAD TAF has served over 36,000 beneficiaries, of which 48% are women.

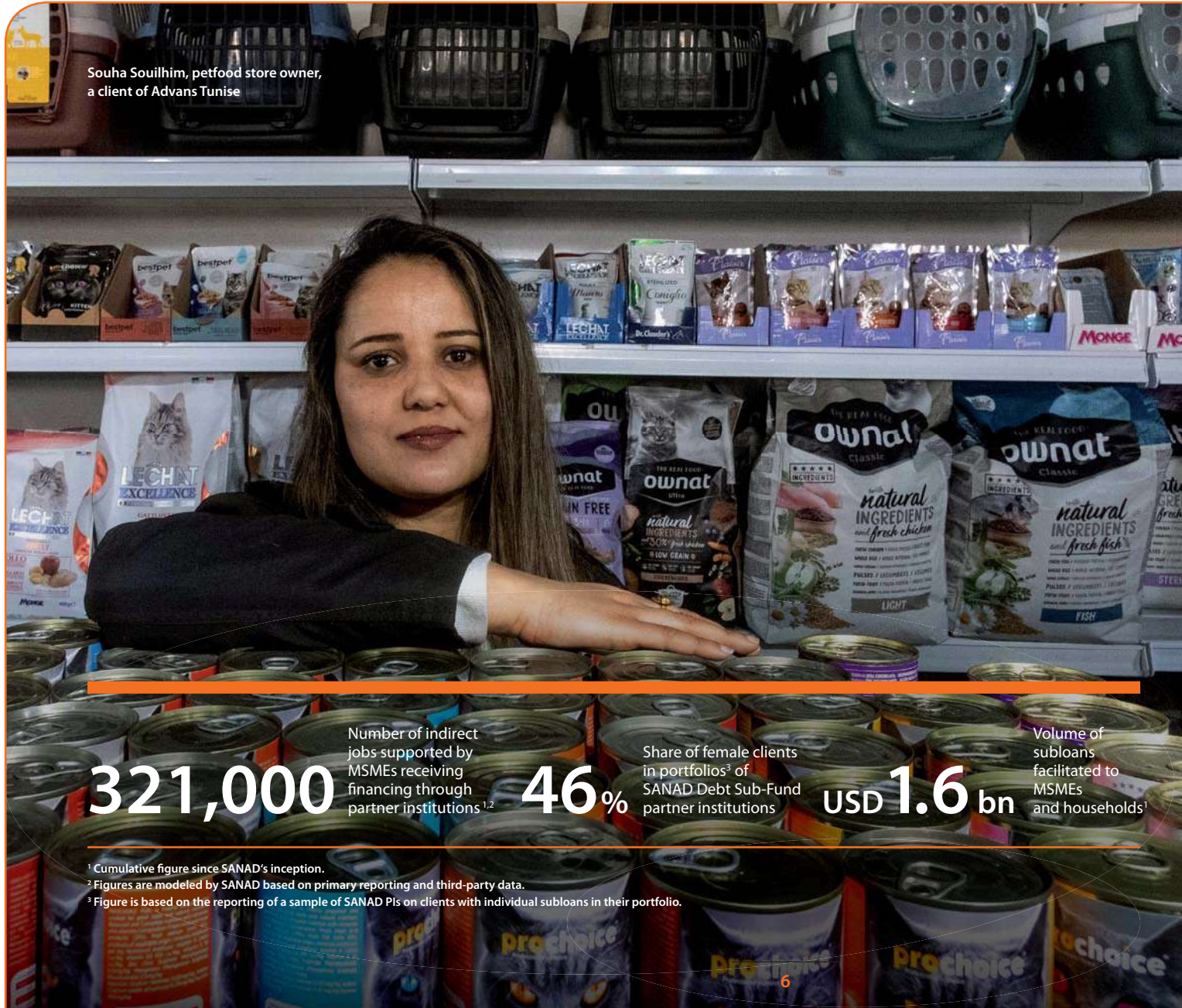
We feel privileged and grateful to serve as the fund's advisor and to have earned the trust placed in us. We are proud that we could play a crucial role in creating a thriving and supportive ecosystem for MSMEs in MENA, and we are optimistic about the region's future. We eagerly anticipate the fund's continued contributions and impact on the many MSMEs it will support in the years to come, with the continued support and trust of our shareholders and partners.

With kindest regards,
FINANCE IN MOTION

SANAD is advised by:



Souha Souilhim, petfood store owner,
a client of Advans Tunisie



SANAD
IMPACT REPORT 2022

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD

321,000

Number of indirect jobs supported by MSMEs receiving financing through partner institutions^{1,2}

46%

Share of female clients in portfolios³ of SANAD Debt Sub-Fund partner institutions

USD 1.6 bn

Volume of subloans facilitated to MSMEs and households¹

¹ Cumulative figure since SANAD's inception.

² Figures are modeled by SANAD based on primary reporting and third-party data.

³ Figure is based on the reporting of a sample of SANAD PIs on clients with individual subloans in their portfolio.

Crisis Resilience

Strengthening resilience for MSMEs in the Middle East and North Africa

Crisis Resilience

Empowering Micro, Small, and Medium Enterprises during Challenges

SANAD
IMPACT REPORT 2022

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD



Meriem Jmail, private school owner,
a client of Advans Tunisie, Tunisia

Ghada Ahmad Mohamed, chair manufacturing workshop, a client of Sandah, Egypt



Fishing business, a client of Al Baraka Bank, Morocco



- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD

MSMEs remain a driving force against strong headwinds

Micro, small, and medium enterprises (MSMEs) have always been the lifeblood of economies, adding the income generation, job creation, dynamism, and innovation that are such critical contributors to future economic growth. This is especially prevalent in the SANAD Fund for MSME (SANAD’s) target regions, the Middle East and Africa. In challenging times, such as those we have experienced over the last few years, the MSMEs’ contribution to economies becomes even more critical.

In SANAD’s target regions, for instance, MSMEs are estimated to represent 80%-90% of all businesses (IFC) and contribute to two-

thirds of formal jobs (OECD). However, their full potential would never be realized without access to the finance and capacity building they need to expand and flourish – and to survive the tough times.

MSMEs are most vulnerable to crises, and over the past three years, they have been buffeted by the COVID-19 pandemic, causing widespread disruption and job losses. It is estimated that up to 15 million jobs have been lost in MENA due to the pandemic (IFC). In addition to the COVID-19 pandemic, MSMEs in MENA have also been impacted by the ongoing conflict in Ukraine. The conflict has disrupted trade and supply chains, making it difficult for MSMEs in the region to access the goods and services they need to operate.

Creating a robust ecosystem to bolster MSMEs

Against this backdrop, over the past year, it has been even more vital that SANAD put its experience of more than a decade to work in supporting and financing MSMEs and furthering its mission to contribute to economic growth and job creation in its target regions.

SANAD has an integrated approach to economic development framed by its [Impact Pathway](#), which maps how the fund’s activities ultimately manifest in their intended impacts. Following this approach, SANAD

contributes to a robust ecosystem that operates on many different levels in support of MSMEs and encompasses the financial sector, ecosystem stakeholders, and MSMEs themselves for inclusive financial systems as well as a stable, growing MSME sector.

More about
SANADs Impact Pathway:
page
25

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD



Enjoud Hanafi,
farmer,
a client of Enda Tamweel,
Tunisia

MSMEs: Fueling the economy



MSMEs are estimated
to represent

80–90%

of total businesses
in MENA



They
account for

2/3

of formal
jobs²



However, they account
for only

7%

of bank
lending¹



Financing gap
of over

USD 140 BILLION

for
MSMEs^{1,3}

Ishaq Soufan, founder, ESAPR Pipe Manufacturing & Co., client of Sanadcom, Jordan



Farmers, clients of Advans Tunisie, Tunisia



SANAD
IMPACT REPORT 2022

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD

321,000

INDIRECT JOBS SUPPORTED
in MSMEs receiving financing
through SANAD's partner institutions¹

41%

SHARE OF YOUNG CLIENTS
in loan portfolios¹ of SANAD partner institutions

¹ Figure is based on the reporting of a sample of SANAD PIs on clients with individual subloans in their portfolio.

Building long-term partnerships to serve MSMEs

SANAD plays a broader role in the regional economy by facilitating dialogue with all stakeholders, such as partner institutions (PIs), accelerators, industry associations, and regulators, around the strategic priorities that should inform their efforts to fuel growth in the MSME sector.

At the heart of this process is fostering a growth-conducive ecosystem that empowers banks, microfinance, and non-bank financial institutions to better serve MSMEs through additional capacities and more tailored product offerings – ultimately resulting in meaningful impact, jobs, and financed

entrepreneurs. These partnerships, which have extended over many years, have had a substantial impact in the countries in which the fund operates, to date indirectly supporting over 321,000 jobs¹ during highly challenging global economic conditions and an unprecedented health crisis.

To spur growth and job creation in MSMEs, SANAD extends targeted debt or equity funding to its PIs to support their efforts in serving MSMEs, including agribusinesses, MSMEs owned and operated by women and young people. The fund then amplifies this financial support with tailored technical assistance programs that build up the PIs' leadership skills, operational capabilities and digital infrastructure.

Supporting small businesses

SANAD has also teamed up with the third largest microfinance institution in Morocco, Fondation Arawaj; through multiple investments we have enabled the PI to serve more than 22,000 end-borrowers, providing them with credit lines and tailored financial services.

 [Watch video here:](https://youtu.be/3vYYr73iMPw)
<https://youtu.be/3vYYr73iMPw>



¹ Cumulative figure since SANAD's inception.



SANAD's support so far has enabled Fondation Arrawaj to provide credit lines and tailored financial services to **over 22,000 end-borrowers**

SANAD
IMPACT REPORT 2022

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD

By extending a new facility in 2022, SANAD expects to facilitate nearly 5,200 subloans to micro-entrepreneurs and support over 2,000 jobs.

The fund has also supported partner institutions (PIs) that operate in geopolitically complex and economically challenging regions.

A trusted partner since 2015, Vitas Palestine is ideally positioned to provide much-needed access to financial resources for micro and small enterprises. SANAD has invested around USD 21 million to support more than 2,700 MSME loans.

Building institutions that empower MSMEs

While MSMEs may drive a country's economic growth, fintech and digital innovation are the driving forces behind MSMEs. As such, SANAD has been highly active in funding and providing technical assistance to companies and start-ups, enabling them to futureproof their businesses by digitalization their operations and customer offerings.

One example is the fund's equity investment in Cartona, which digitally connects Egyptian retailers with suppliers through an integrated e-commerce solution. This allows micro and small retailers to easily and efficiently source goods at affordable prices, and thus grow their business and better serve

their customers. The SANAD Technical Assistance Facility (TAF) supported the development of the embedded finance solution, which allows retailers to source inventory on credit, freeing up much-needed working capital.

Fostering future entrepreneurs

The fund also fosters innovation through its SANAD Entrepreneurship Academy, established by the TAF. The Academy offers entrepreneurs and MSMEs the guidance and resources they need to incubate and accelerate their innovative and disruptive business ideas. It is these companies that have the potential to maximize their impact on eco-

nommic development and employment in their region. In turn, by empowering these businesses, SANAD continues to deliver on its mission to create an environment in which small businesses flourish.

SANAD has effectively supported MSMEs in its target countries by integrating finance and capacity-building initiatives within the financial sector. This approach has enabled partner institutions to cater to the diverse needs of MSMEs and empowered fintech companies to offer timely support and financing. SANAD has collaborated with key stakeholders to strengthen the ecosystem and achieve its mission of uplifting MSMEs and promoting sustainable economic growth in its core MENA region.

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD



Meriem Jmail,
private school owner,
a client of Advans Tunisie,
Tunisia

Achieving MSME outreach at scale

During 2022, SANAD also achieved a significant milestone when the SANAD Debt Sub-Fund reached the USD 1 billion mark in terms of the total value of subloans disbursed by partner institutions to MSMEs and households since SANAD's inception. This despite challenging markets, COVID-19, and the food security crisis arising out of the war in Ukraine. Together, the SANAD Debt Sub-Fund and the SANAD Equity Sub-Fund have to date disbursed over USD 1.58 billion in subloans. By working closely with 56 partner institutions, SANAD has been instrumental in facilitating more than 476,000 subloans to MSMEs and households since the fund's inception, empowering young and women entrepreneurs and MSMEs throughout the Middle East and North Africa region.



USD 1.6 BILLION

total volume of subloans disbursed
to MSMEs and households
by the SANAD Debt Sub-Fund
and the SANAD Equity Sub-Fund



476,000

number of subloans
to MSMEs
and households
since the fund's inception

Crisis Resilience

Building Resilient Institutions to Serve MSMEs in Times of Crisis

SANAD enabled the evolution of Advans Tunisie, a finance institution dedicated to micro and small enterprises, into a strong and fast-growing lender in its sector.

SANAD
IMPACT REPORT 2022

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD



Shoe business,
a client of Advans Tunisie, Tunisia

Wissem Hachena,
convenience store owner,
a client of Advans Tunisie, Tunisia



Partnering with SANAD
has enabled Advans Tunisie
to serve more than
**20,000 micro-
entrepreneurs
and farmers¹**

¹ Figure pro-rated according to SANAD's ownership share.

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD

Advans Tunisie counts as a strong and fast-growing lender in its sector, remaining resilient in the face of the pandemic and economic challenges.

With the SANAD's financial support and technical assistance (TA), Advans Tunisie has been able to provide much-needed financial access to the many MSMEs that had little to no access to finance, equipping them to navigate the challenging times that have prevailed since Advans Tunisie's inception.

From the outset, SANAD saw the potential of establishing a micro-finance institution (MFI) with a first-mover advantage. In addition to making an equity investment, the fund contributed a comprehensive TA package that enabled the institution to become a sustainable business with a robust operational and technological infrastructure.

The SANAD Technical Assistance Facility provided the initial support to develop the in-depth support to facilitate the institution's ongoing expansion, developing its core

departments, onboarding staff, and rolling out non-financial entrepreneurial support services like financial literacy training to enhance entrepreneurship.

An extensive Digital Transformation Support program supported a total revamp of the MFI's core IT system, building a robust data-driven business model and improving its knowledge of its client base.

SANAD's partnership with Advans Tunisie has been a remarkable success over the past eight years. It has enabled the MFI to serve

more than 20,000 micro-entrepreneurs and farmers, facilitating the financial inclusion of many micro and small businesses.



Watch video here about
Crisis Driven Support:

<https://youtu.be/3vYYr73iMPw>



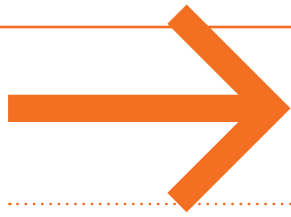
Crisis Resilience

Nurturing Growth and Job Creation in the Agriculture Sector – the Story of Elboustan Flour

Agriculture runs in Mohammed Moussad's family, with a history of success in the sector – mainly in growing crops and trading.



Elboustan Flour,
a client of National Bank of Egypt



SANAD played a vital role in enabling a young and dynamic small business to access its first loan

Elboustan Flour, a client of National Bank of Egypt



The Egyptian flour business also proved to be one of the success stories from SANAD's longstanding partnership with the National Bank of Egypt (NBE), through which the fund provides support to MSMEs at critical times

Elboustan Flour would create 65 new jobs over five years, starting out with a staff of 15 in 2017 and reaching 80 employees by 2022.

Elboustan Flour is well-positioned to expand its client base and outreach in the future. The business also plays a vital role in supplying an essential dietary staple to the community, addressing the need for local food security, as clients source their wheat mainly locally, but also through imports from Germany and India.

In 2020, SANAD extended an additional senior loan of USD 15 million to NBE to facilitate the financial inclusion of underserved micro, small, and medium enterprises

(MSMEs) like Elboustan Flour. These enterprises also contribute significantly to economic growth and job creation. The overall amount lent by SANAD to NBE so far is USD 52.5 million.

SANAD played a vital role in enabling a fledgling business to access its first loan, which directly expanded their access to finance and resulted in the creation of new jobs. By partnering with NBE to fund Elboustan Flour's operations, SANAD successfully achieved its primary impact objectives of promoting financial inclusion, stimulating economic growth in targeted regions, and supporting job creation.

Inspired by his family legacy and understanding that wheat is an essential food staple in Egypt, he founded Elboustan Flour, a flour mill, in 2016. This Egyptian flour business also proved to be one of the success stories in SANAD's longstanding partnership with the National Bank of Egypt (NBE), through which the fund provides support to MSMEs in critical times.

When flour mill operations began in 2017, Elboustan Flour received its first loan from National Bank of Egypt, including USD 400,000 from a SANAD facility. Through

the support of this vital first debt financing, the young business had the financial resources it needed to expand. In just five years, Mohammed grew Elboustan Flour from a small to a medium-sized business, greatly increasing their turnover to around USD 6.7 million (EGP 200 million) by December 2022 – from USD 333,000 (EGP 10 million) in 2017.

Mohamed was particularly proud to have contributed to job creation in his community. The company's rapid growth rate meant

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD



Elboustan Flour,
a client of National Bank
of Egypt

Partners in supporting MSMEs

Funding to assist Elboustan Flour during its critical growth period was made possible by SANAD's ongoing partnership with the National Bank of Egypt. The bank is well-positioned to support entrepreneurial businesses as the country's leading lender and a key player in MSME and agricultural financing in Egypt. It has an extensive branch network across the country, so that it can lend the funding from SANAD to MSME clients that would otherwise have had difficulty accessing financial services.



The overall amount lent by SANAD to the National Bank of Egypt since they began their partnership in 2015:

USD 52.5 MILLION

Crisis Resilience

Addressing the Market gap in SME leasing and Factoring Finance in Egypt

In May 2022, SANAD sold its equity investment in GlobalCorp to a consortium of institutional investors who are well-equipped to support the institution in its next growth phase.



GlobalCorp office,
New Cairo, Egypt

Participants in a training held
at GlobalCorp



SANAD was an early backer of this greenfield leasing company, and after holding and contributing to the growth of this investment for seven years, the fund divested its shares in 2022.

SANAD's sale will help GlobalCorp scale up its portfolio and expand into new business segments while building upon the solid foundation laid by the fund and its development facility. This foundation included the development of an Environmental and Social

Management System (ESMS). By supporting its creation and implementation, the development facility contributed to integrating environmental and social considerations into the company's operations.

Back in 2015, SANAD made a greenfield investment in GlobalCorp after it had identified a gap in SME lease financing in the Egyptian market and was looking for a strong financial institution to cater to this need. The investment and cooperation with SANAD

would set the non-financial institution on a trajectory to become a leading small and medium enterprise (SME) leasing and factoring institution in Egypt. The Fund's investment came at a critical juncture: after years of crisis, Egypt's underdeveloped leasing market was poised to recover – but it would take time. Meanwhile, SMEs required alternative funding opportunities that matched their financing needs.

As a founding shareholder, SANAD provided both equity financing and technical assistance during the inception phase. This support was crucial to get the company off the ground. Through its investment and additional capacity-building efforts, SANAD directly contributed to addressing a market gap creating much-needed SME leasing finance services in the Egyptian market.

The fund's primary aim was to support GlobalCorp in providing SMEs with access to asset-based financing and address their investment needs. Over the years, with the guidance of SANAD, GlobalCorp has built one of the largest and most diverse SME leasing portfolios in Egypt, with over 800 active

leasing contracts across 30 different industries.

SANAD's continued support of GlobalCorp was enhanced by technical assistance projects, implemented together with the investee. These included initiatives to improve the institution's organizational and leadership capabilities, such as developing SME-focused credit analysis techniques, implementing compliance tools, and providing extensive training to staff.

These efforts contributed to strengthening GlobalCorp's institutional capacities of GlobalCorp and positioning it as a strong leasing partner for SMEs in Egypt.

Through its integrated investment and technical assistance offering, SANAD could support over 20,000 jobs in MSMEs. Despite the challenging times for MSMEs in Egypt, SANAD successfully achieved its goal of promoting financial inclusion and employment by building a sustainable institution that can continue to provide support even after the fund's exit. GlobalCorp's growth and achievements are a testament to SANAD's commitment to creating a lasting impact in the SME financing space.

Meriem Jmail, private school owner,
a client of Advans Tunisie, Tunisia

SANAD
IMPACT REPORT 2022

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD

61% Share of subloans to rural and semi-urban end-borrowers

95% of subloans in local currencies

36,000 People benefited from capacity building¹

¹ Cumulative figure since SANAD's inception.

Impact and Sustainability

How SANAD Achieves Positive Impact and Manages Environmental and Social Risks

SANAD's Approach to Managing Impact and Sustainability

In working towards its mission, SANAD facilitates much-needed access to financial and nonfinancial resources for MSMEs, helping them to fulfill their role as engines of business growth, job creation, and income generation – and in the process contributing to economic stability, improved livelihoods, and sustainable development.



Farmer, client of Advans Tunisie,
Tunisia

Carlos Ajeeb Jaras, stationery shop owner, a client of Sandah, Egypt



Considering its sustainable investment objective, SANAD is classified as an Article 9 fund in accordance with the Sustainable Finance Disclosure Regulation¹ (SFDR). The fund's overall sustainability-related impact is demonstrated by relevant sustainability indicators (see pp. 26)².

¹ Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

² Respective sustainability-related disclosures in line with SFDR requirements are available at: <https://sanad.lu/media#c385>.

In 2023, for the second year running, Finance in Motion, SANAD's Advisor, was recognized as a "Practice Leader" by BlueMark, a provider of independent impact verification services for investors and companies. Finance in Motion was one of only 10 to be awarded the title out of a total of 75 impact investors verified – recognizing the firm's rigorous impact management and advancement of best practices in the industry.

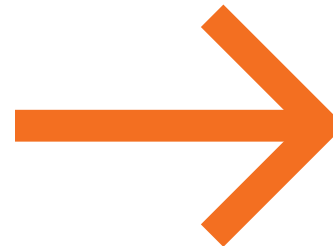
SANAD
IMPACT REPORT 2022

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD

SANAD further strives for systemic impact by contributing to strengthening the financial sector that is better able to serve its target groups, as well as empowering entrepreneurship by building skills along with facilitating access to resources and opportunities.

SANAD's impact management approach combines managing and mitigating potentially negative outcomes with enhancing positive impact. Thereby, SANAD works towards achieving the UN's Sustainable Development Goals (SDGs) while aligning with international standards and best practices. These include the Operating Principles

for Impact Management, the IFC Performance Standards, the eight core conventions of the International Labor Organization, the International Bill of Human Rights, and key responsible finance initiatives.



Read Finance in Motion's Disclosure Statement on alignment with the Operating Principles for Impact Management:

https://www.finance-in-motion.com/fileadmin/fim/downloads/publications/FIM_OPIM_report_2022_Final.pdf



Find Finance in Motion in BlueMark's Practice Leaderboard:

<https://bluemarktideline.com/practice-leaderboard/>



Focus on Gender Equality

19%

Labor force participation rate of women in MENA region¹

SANAD acknowledges the continuing challenge for women in the MENA region to engage in economic life and access finance. This is evidenced by one of the lowest female labor participation rates globally. Women in business grapple with legal and regulatory barriers, cultural and social norms, limited access to finance, and the digital gender divide. These obstacles impede women's ability to start and grow their own businesses, limiting their economic empowerment and contribution to the region's entrepreneurial ecosystem. The persistent financing gap in the region is particularly relevant for women, already underrepresented in business and economic sectors in the region. To address this challenge, the Fund partners with financial institutions that offer tailored financing for female clients and entrepreneurs. It also offers women-targeted capacity building and leadership programs through the SANAD Technical Assistance Facility.



46%

Share of female clients in portfolios² of SANAD partner institutions



34%

Share of indirect female jobs supported in MSMEs receiving financing through PIs³



47%

Share of direct female jobs supported in SANAD Equity Sub-Fund's PIs



48%

Share of women participants in capacity building projects



Positive impact management

Assessing SANAD's positive impact is crucial, as it demonstrates progress towards SANAD's social objective and provides insights and learnings that inform its strategy. SANAD tracks and manages its progress towards its impact objectives based on a set of key indicators. They have been selected based on SANAD's Theory of Change, reflecting both the direct impact on the investee and the sector overall (for example, by improving the financial institutions' capacity to serve the micro, small, and medium enterprise, or

MSME, sector) as well as the indirect impacts on or through the investees' clients for example sustaining and creating job opportunities in the local MSME sector.

Systematic impact measurement and management is integrated into SANAD's investment lifecycle. The fund assesses the potential impact of each investment with its Impact Scoring Tool at the due diligence stage, considering the need for and relevance of an investment in a particular country and sector, the investees' outreach to the target group, and its commitment and capacity to deliver positive impact as well as SANAD's

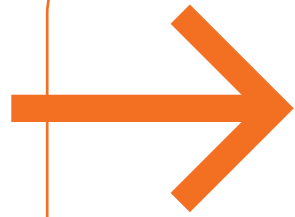
investor contribution. The Tool is also used for regular impact monitoring and ex-post assessment at the exit stage.

SANAD continues to deepen and expand its impact management practices. In recognition of its strategic focus on supporting women entrepreneurs, the Fund has added SDG 5: Gender Equality to its target SDGs. In working towards this SDG, the Fund assesses its PIs' strategic focus on and outreach to women as part of the investment decision and implements women-tailored capacity building and leadership programs through its Technical Assistance Facility.

¹ World Bank data, 2022

² Figure is based on the reporting of a sample of SANAD PIs on clients with individual subloans in their portfolio.

³ Figure is modeled by SANAD based on primary reporting and third-party data.



Systematic impact measurement and management

is integrated into SANAD's investment lifecycle



Enjoud Hanafi, farmer,
a client of Enda Tamweel,
Tunisia

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD

Managing environmental and social risks

SANAD places a high priority on effectively managing – i.e., avoiding, minimizing, and mitigating – potential environmental and social (E&S) risks and negative impacts associated with its investments. To this end, the fund maintains and continuously improves on its environmental and social management system (ESMS).

E&S risks are considered throughout the investment process. E&S screening and thorough E&S due diligence processes are a key tool for identifying potentially significant

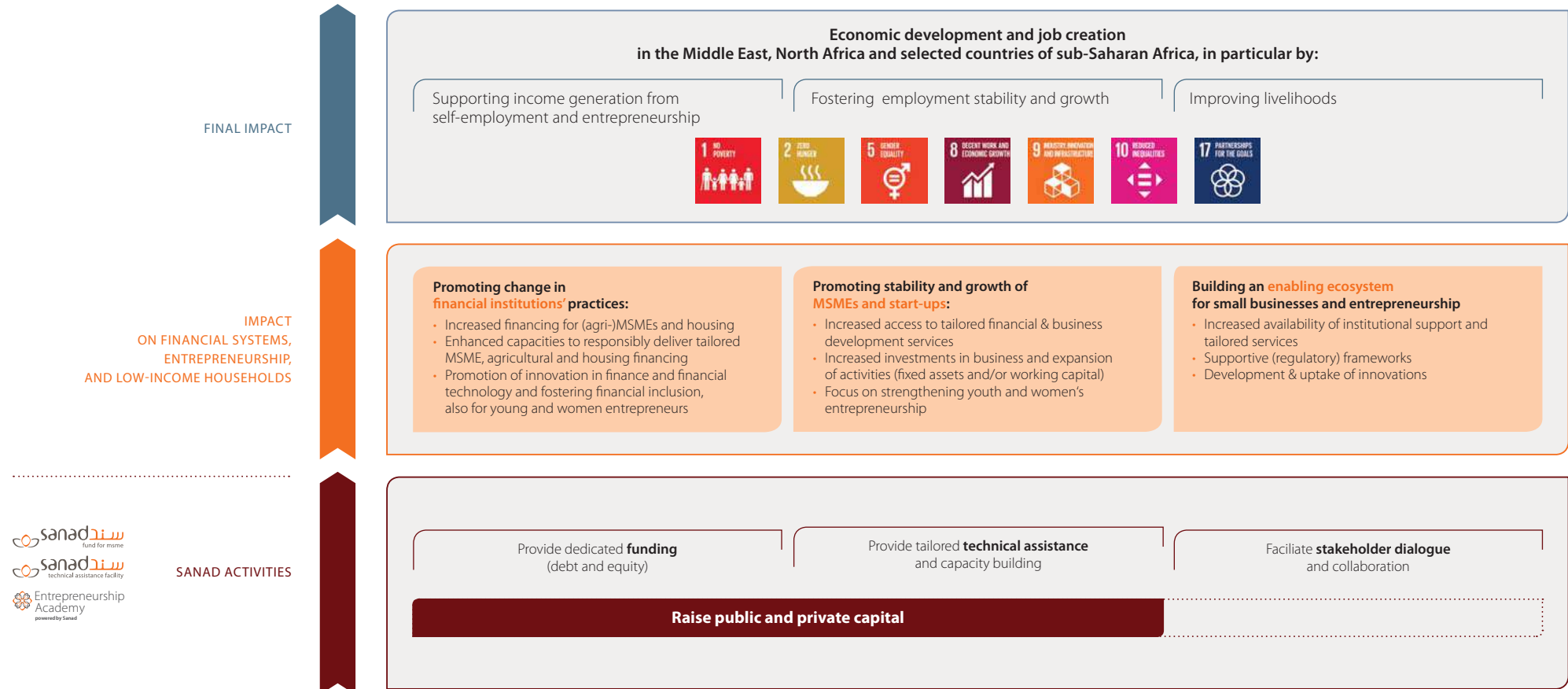
adverse E&S risks and assessing the capacity and commitment of SANAD's investees to address and mitigate these impacts. E&S undertakings are also included in the financing documents with the partners institutions, as well as the SANAD's E&S exclusion list. Once capital is deployed, SANAD annually monitors the E&S performance of its partner institutions and their compliance with the Fund's E&S requirements on an annual basis, and engages with them to strengthen their E&S capacity where required.

As per regulatory requirements, the Fund prepared to report in 2022 on Principal Adverse Impact (PAI) indicators. It collected PAI data from existing investees to define a baseline, identify data gaps, and support the integration of these indicators into the fund's investment selection and monitoring process. Proxies were developed to address data gaps. Initial reporting will be published in line with the regulatory timeline by July 2023.

SANAD's Impact Pathway




SANAD
IMPACT REPORT 2022

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD



Contributing to the UN's Sustainable Development Goals (SDGs)

SANAD's activities have been mapped at an SDG target level, based on which 7 have been selected as core SDGs:

SDG	SANAD contribution and indicators	2021	2022
	SANAD contributes to eradicating poverty by meeting the basic financing needs of MSMEs and low-income households. Number of subloans facilitated to MSMEs and households ² Average amount (USD) of subloans ² Volume of subloans enabled for SANAD's target group ² (USD)	412,000 3,240 1.3 bn	476,000 3,320 1.6 bn
	SANAD contributes to improving agricultural productivity and the livelihoods of small-scale food producers through secure and equal access to financial services. Share of subloans disbursed to rural and semi-urban end-borrowers ⁵	31%	61%
	SANAD contributes to improving gender equality and women's empowerment by facilitating access to financial services and training for women entrepreneurs and women-owned enterprises and supporting women-held jobs. Share of women clients in SANAD Partner Institutions' portfolio ^{4,5} Share of indirect female jobs supported in MSMEs receiving financing through PIs ^{1,2} Share of direct female jobs contributed to within SANAD Equity Sub-Fund's PIs Share of women participants in capacity building projects	n/a n/a n/a n/a	46% 34% 47% 48%

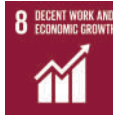



¹ Figures are modeled by SANAD based on primary reporting and third-party data.

² Cumulative figure since SANAD's inception.

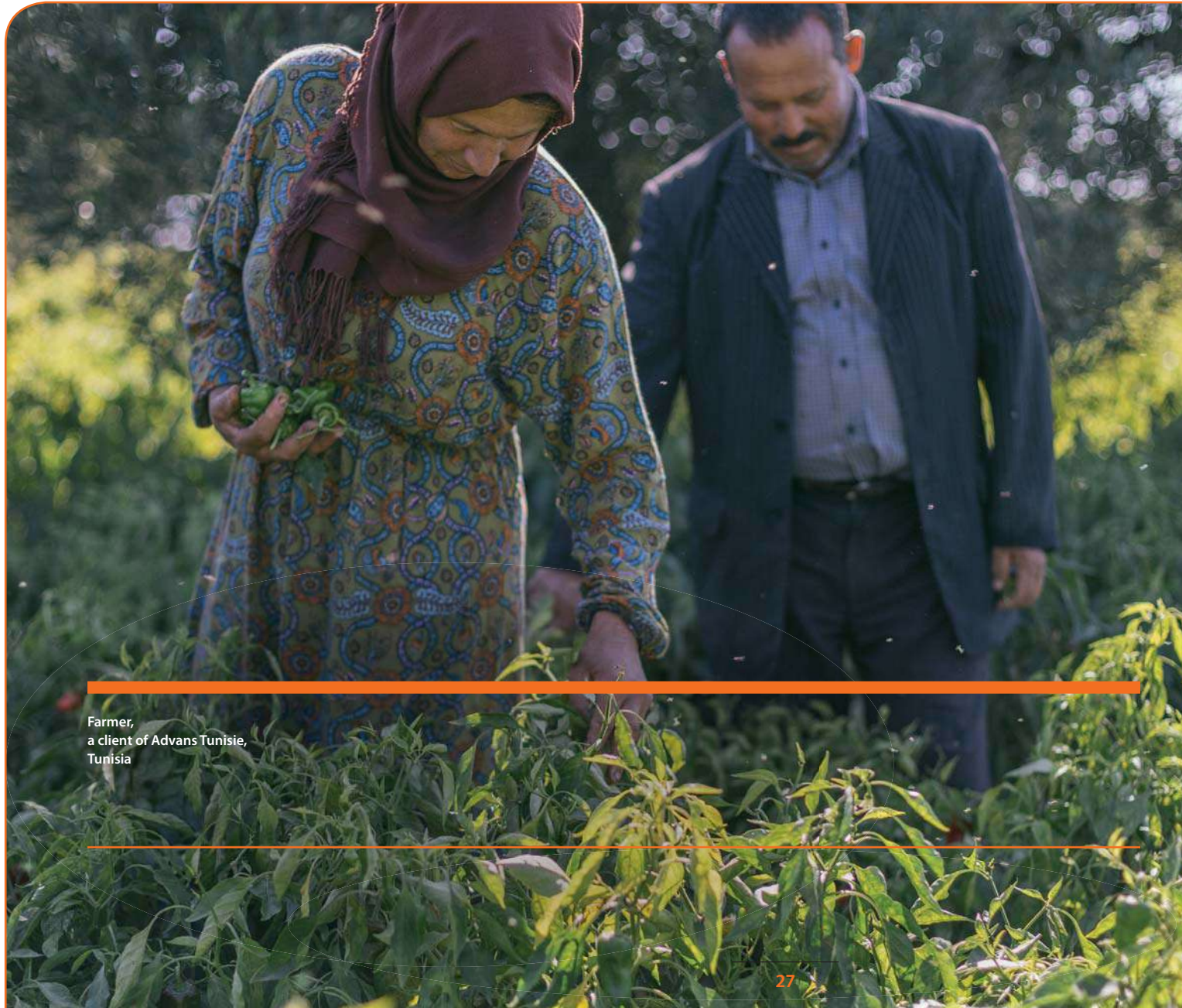
³ Figures have been pro rated according to SANAD's respective ownership share.

⁴ Figures are based on the reporting of a sample of SANAD PIs on clients with individual subloans in their portfolio.

⁵ Results reflect performance of SANAD Debt Sub-Fund only.

SDG	SANAD contribution and indicators	2021	2022
	SANAD contributes to economic development and job creation by enabling entrepreneurs to grow their businesses, especially young entrepreneurs and MSMEs in rural areas. Number of indirect jobs supported in MSMEs receiving financing through partner institutions ^{1,2} Number of direct jobs contributed to within SANAD ESF I and ESF II partner institutions ^{2,3} People having benefited from TA ² Number of partners served by SANAD with individual capacity building ²	267,000 497 33,100 190	321,200 500 36,000 196
	SANAD contributes to inclusive industrialization by upgrading small-scale enterprises through improved access to finance and innovative solutions. Number of active borrowers Share of outstanding portfolio in local currencies Number of SANAD partner institutions ²	71,100 18% 54	82,070 17% 56
	SANAD contributes to economic inclusion by sustaining and growing business income among marginalized entrepreneurs, such as youth, refugees, and rural populations. Share of outstanding subloans in local currencies ⁵ Share of young clients in SANAD PI portfolios ^{4,5}	93% n/a	95% 41%
	As a blended finance fund, SANAD brings together public and private investors for sustainable development. Committed capital of SANAD Debt Sub-Fund Committed capital of SANAD Equity Sub-Fund	471 mn 69 mn	465 mn 57 mn

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD



Farmer,
a client of Advans Tunisie,
Tunisia

Operating Results

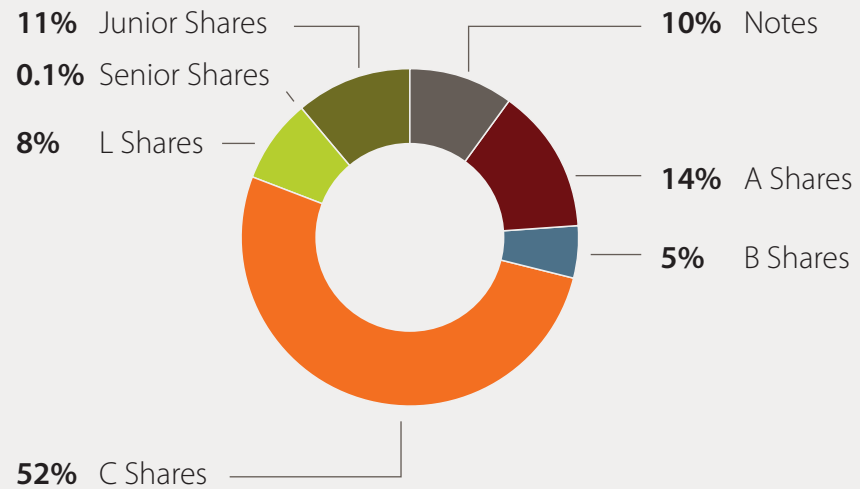
As at year-end 2022

Operating Results

Funding

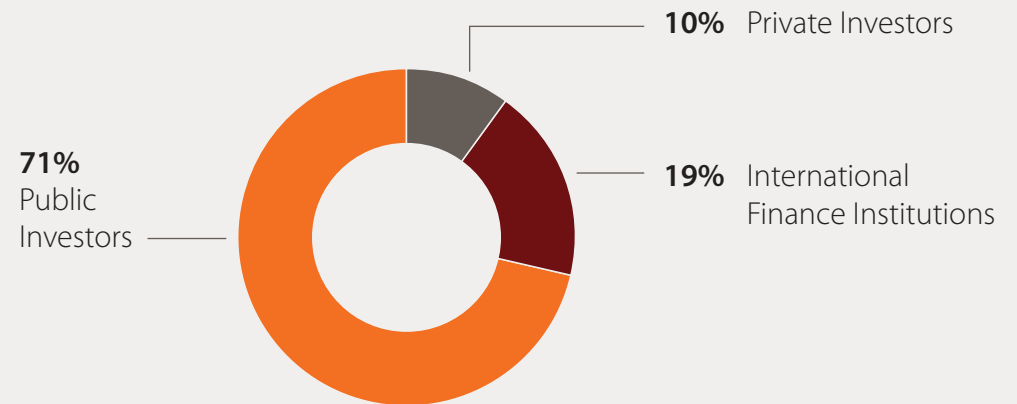
AVAILABLE FUNDING

by investment class



FUND INVESTORS

by type

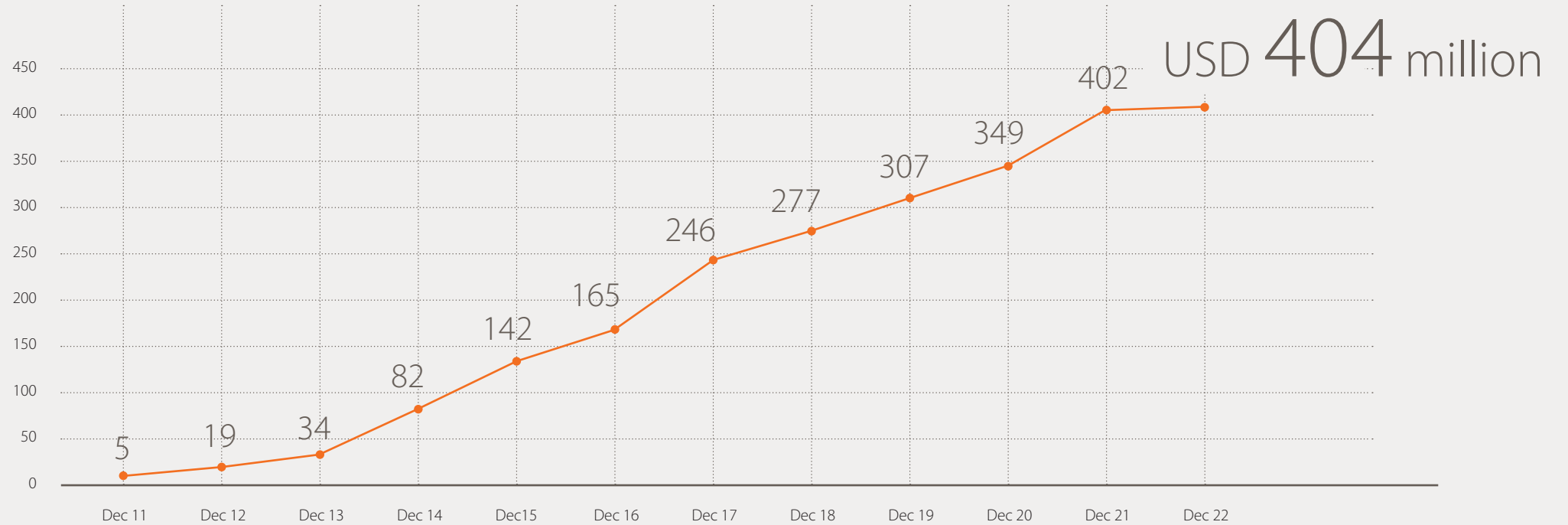


Operating Results

Investments

OUTSTANDING INVESTMENT PORTFOLIO

(including all sub-funds)



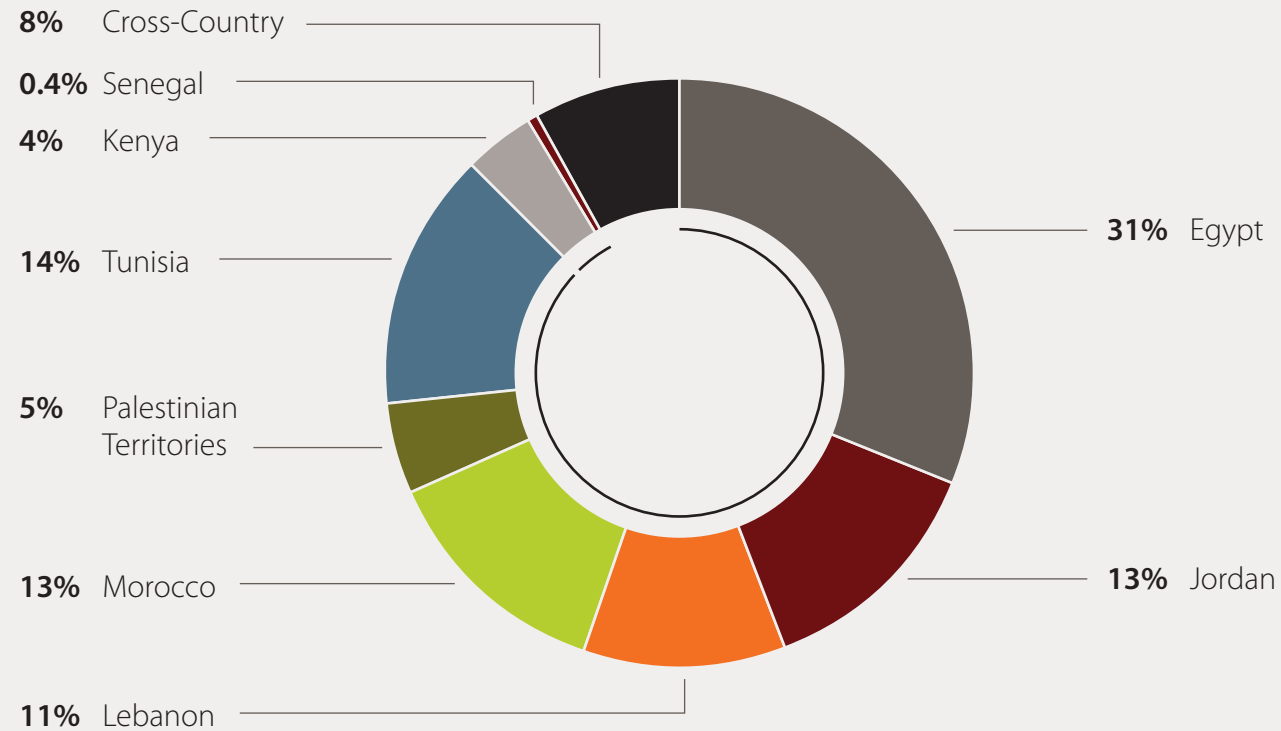
Cumulative, since SANAD's inception in 2011

Operating Results

Investments

OUTSTANDING INVESTMENT PORTFOLIO

by country

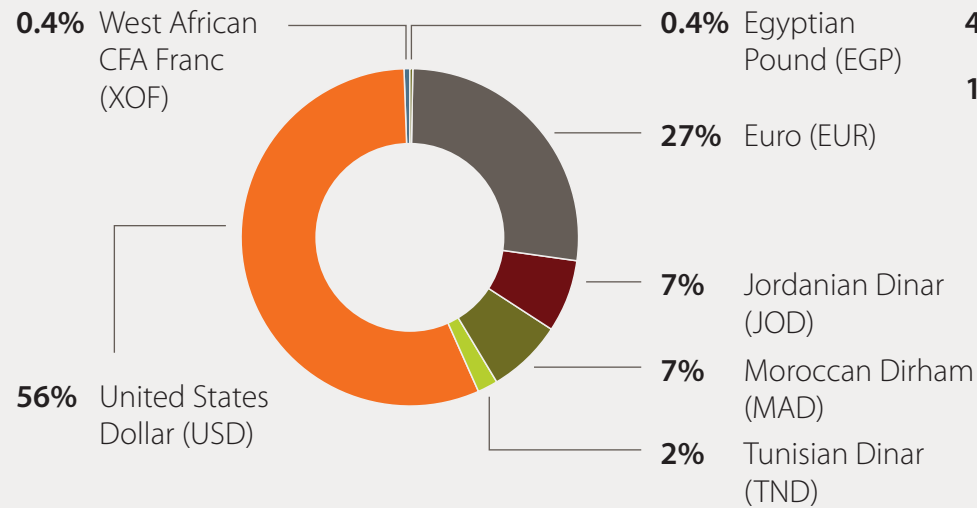


Operating Results

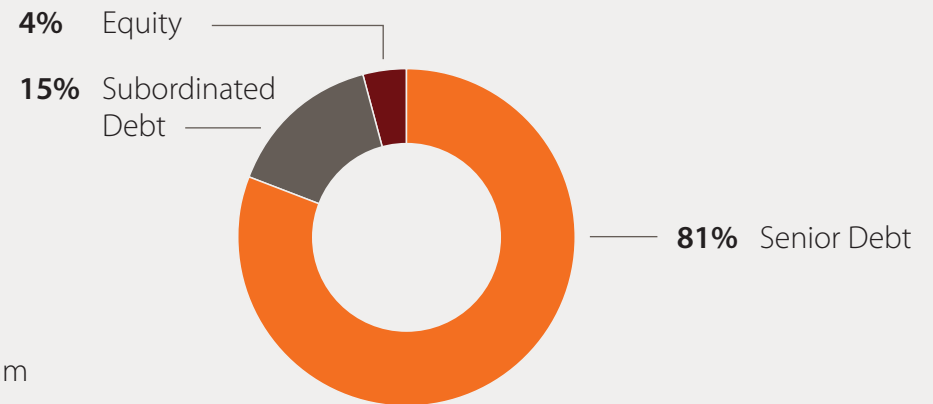
Investments

OUTSTANDING INVESTMENT PORTFOLIO

by currency



by financial instrument



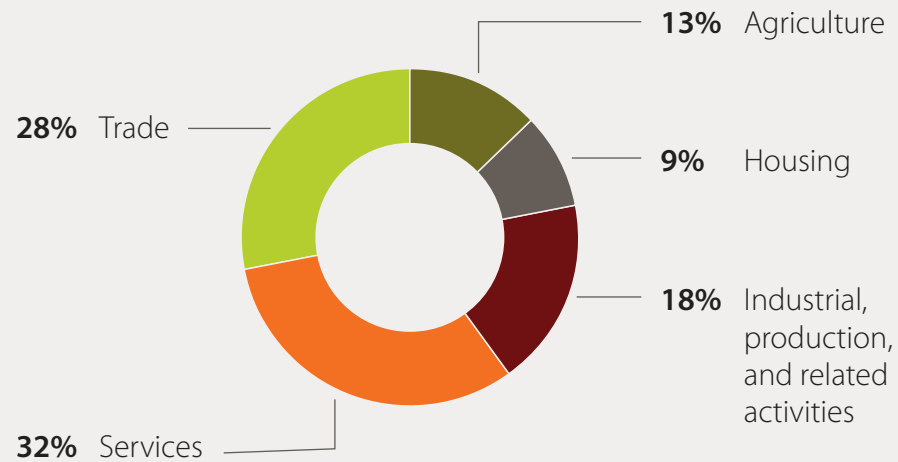
Only reflecting SANAD Debt Sub-Fund

Operating Results

Investments

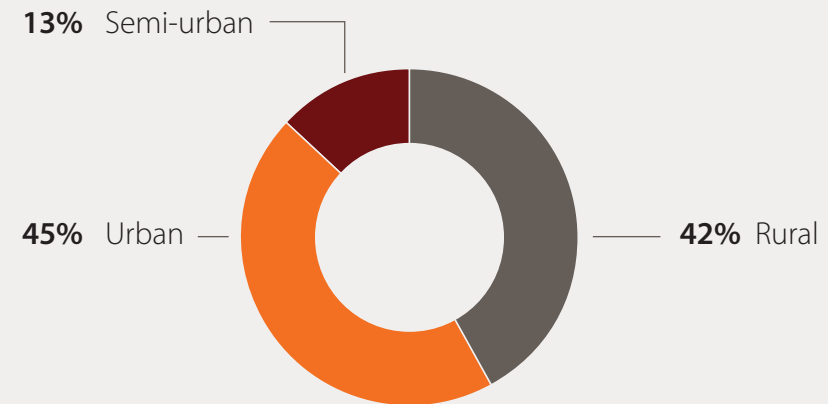
OUTSTANDING SUBLOAN PORTFOLIO DEBT SUB-FUND

by economic sector (in USD)



TYPE OF SUBLOANS

by degree of urbanization

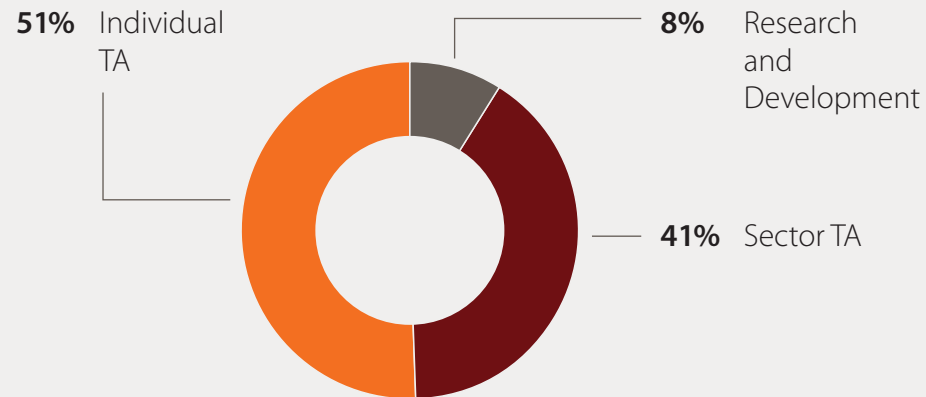


Operating Results

Technical Assistance (TA)

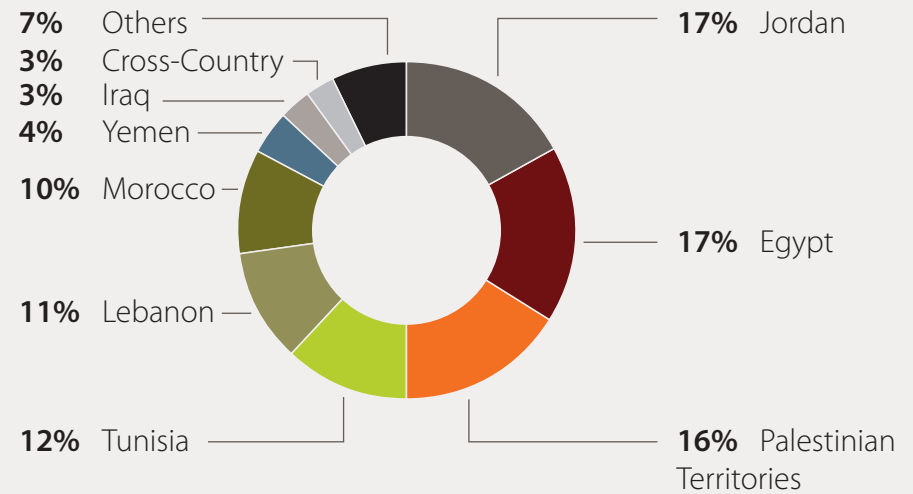
TECHNICAL ASSISTANCE PROJECTS

implemented since inception by type

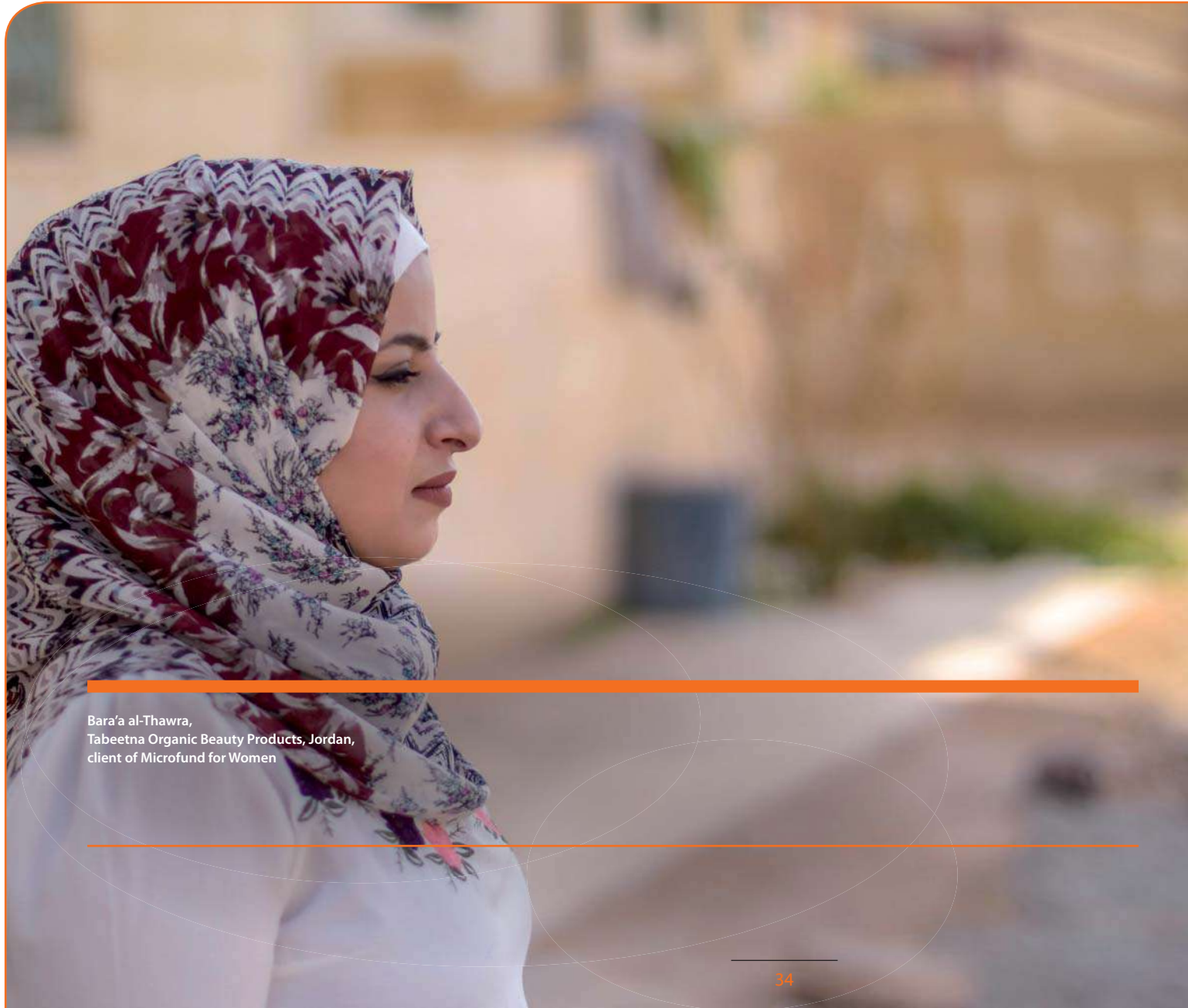


TECHNICAL ASSISTANCE PROJECT DISTRIBUTION

by country



- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD



Bara'a al-Thawra,
Tabeetna Organic Beauty Products, Jordan,
client of Microfund for Women

About SANAD

Introducing the fund,
our Board, and our Investors

About SANAD

The SANAD Fund for MSME finances micro, small, and medium enterprises and low-income households in the Middle East and North Africa and selected countries in sub-Saharan Africa via qualified local lenders. SANAD thereby fosters economic development and job creation – including youth employment – agriculture, affordable housing, and innovations in finance and financial technologies.



Wissam Hachena, convenience store owner,
a client of Advans Tunisie, Tunisia

Board and Committees

Board of Directors



DR. DANIELA BECKMANN
(CHAIR)



ANDREA HAGMANN



MONIQUE BACHNER



PIETER GORGELS



STEFAN ZEEB

DEBT SUB-FUND INVESTMENT COMMITTEE

- Dr. Daniela Beckmann (Chairperson)
- Koen Wasmus
- Maike Lerch-Simross

EQUITY SUB-FUND I INVESTMENT COMMITTEE

- Rauf Khalaf (Chair)
- Joachim Rang
- Sonja Höss

EQUITY SUB-FUND II INVESTMENT COMMITTEE

- Dr. Heinz J. Hockmann (Chair)
- Inga Müller
- Noha El Ghazaly

TECHNICAL ASSISTANCE FACILITY COMMITTEE

- Kim Reichel (Chair)
- Andrew Shaw
- Koen Wasmus

FOREIGN EXCHANGE COMMITTEE

- Nikolaus Siegfried
- Sylvia Gansser-Potts

SANAD's Investors

Initiated by



Funded by



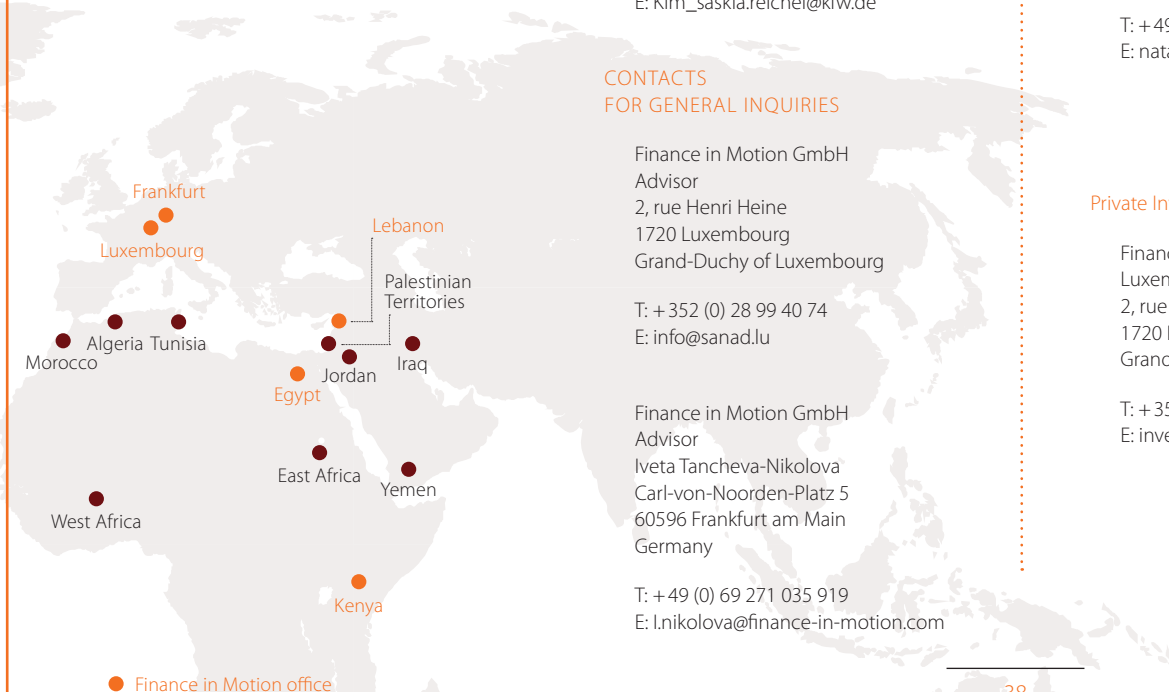
Advised by



Contacts

SANAD IMPACT REPORT 2022

- 2 Contents
- 3 Key Figures
- 4 Greetings
- 6 Crisis Resilience
- 20 Impact & Sustainability
- 27 Operating Results
- 34 About SANAD



CONTACT FOR DONOR AGENCIES

KfW Development Bank
Kim Saskia Reichel
Palmengartenstr. 5–9
60325 Frankfurt am Main
Germany

T: +49 (0) 69 / 7431-6246
E: Kim_saskia.reichel@kfw.de

CONTACTS FOR GENERAL INQUIRIES

Finance in Motion GmbH
Advisor
2, rue Henri Heine
1720 Luxembourg
Grand-Duchy of Luxembourg

T: +352 (0) 28 99 40 74
E: info@sanad.lu

Finance in Motion GmbH
Advisor
Iveta Tancheva-Nikolova
Carl-von-Noorden-Platz 5
60596 Frankfurt am Main
Germany

T: +49 (0) 69 271 035 919
E: I.nikolova@finance-in-motion.com

CONTACTS FOR INVESTORS

International Financial Institutions and Donor Agencies

KfW Development Bank
Natalia Bechthold
Palmengartenstr. 5–9
60325 Frankfurt am Main
Germany

T: +49 (0) 69 / 7431-8129
E: natalia.bechthold@kfw.de

Private Investors

Finance in Motion GmbH
Luxembourg Branch
2, rue Henri Heine
1720 Luxembourg
Grand-Duchy of Luxembourg

T: +352 (0) 28 99 40 74
E: investors@sanad.lu

CONTACTS FOR PARTNER INSTITUTIONS

Frankfurt

Finance in Motion GmbH
Advisor
Iveta Tancheva-Nikolova
Carl-von-Noorden-Platz 5
60596 Frankfurt am Main
Germany

T: +49 (0) 69 271 035 919
E: I.nikolova@finance-in-motion.com

Egypt

Finance in Motion GmbH
Advisor
3 Abou El Feda Street
Abou El Feda Office Building,
14th floor
11211 Zamalek, Cairo
Egypt

T: +20 (0) 27 371 344
E: egypt@finance-in-motion.com

Kenya

Finance in Motion GmbH
Advisor
Ikigai Lavington
90 James Gichuru Road
2nd Floor on 90 JGO Building
P.O. Box 1093-00606
Nairobi
Kenya

T: +254 (0) 706 909 296
E: kenya@finance-in-motion.com

Lebanon

Finance in Motion GmbH
Advisor
Farra Building
Banking Street Lot826
section No.14 fifth floor
Beirut
Lebanon

T: +961 (0) 81 692 461
E: lebanon@finance-in-motion.com

Credits

PUBLISHER

SANAD Fund for MSME

CONCEPT/LAYOUT

Finance in Motion GmbH (www.finance-in-motion.com)
Hilger Boie Waldschütz Design (www.hbwdesign.de)

PRODUCTION

WAGNER CROSSMEDIA (www.wagner-crossmedia.de)

PHOTOGRAPHS

- Cover, pages 9, 11, and 24 – Marina Korostina (Finance in Motion)
- Page 5 – Dirk Beichert
- Pages 6, 7, 12, 14, 20, 23, and 35 – Amine Landoulsi
- Pages 8 (left), 15, 16, 17, 22, and back cover – Samuel Mohsen
- Page 10 – courtesy Sanadcom, Jordan
- Pages 18 and 19 – courtesy GlobalCorp
- Page (right) – courtesy Al Baraka Bank, Morocco
- Pages 13, 21, and 27 – courtesy Advans Tunisie, Tunisia
- Page 34 – courtesy Microfund for Women, Jordan

To download or order hard copies of this publication, please visit www.sanad.lu

© 2022 SANAD Fund for MSME. All rights reserved.



For more information on the SANAD Fund for MSME, please visit:

www.sanad.lu



Disclaimer

The Fund is registered in the Grand Duchy of Luxembourg as an investment company with variable capital subject to the Law of 13 February 2007 and is reserved for institutional, professional or other well-informed investors as defined by Luxembourg law. The issue document or the assets held in the Fund have, however, not been approved or disapproved by any authority. The information given herein does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful, or where the person making the offer or solicitation is not qualified to do so, or where a person receiving the offer or solicitation may not lawfully do so, nor does it constitute a commitment of the Fund to offer its shares, notes, and/or other instruments to any investor. No guarantee is given as to the completeness, timeliness, or adequacy of the information provided herein. No investment may be made except upon the basis of the current issue document of the Fund.

These materials do not constitute an offer to sell or an offer to purchase any securities. Any such offer regarding the securities described herein will only be made by means of a confidential private offering memorandum. These materials are not for distribution in the United States or to US Persons, except pursuant to available exemptions under the Securities Act of 1933 and the Securities Exchange Act of 1934. If these materials are distributed in the United States or to US Persons by Finance in Motion, such distribution will be in compliance with applicable US federal and state securities laws and regulations including without limitation SEC Rule 15a-6. Offers and sales to US Institutional Investors and US Major Institutional Investors, as these terms are defined in the SEC Rule 15a-6 and related interpretive guidance, are chaperoned by Global Alliance Securities, LLC ("GAS"), an SEC-registered broker-dealer and FINRA member (web: www.globalalliancesecurities.com) in accordance with the requirements of SEC Rule 15a-6. Not for distribution in or into Canada, Japan or Australia or to any person or in any other jurisdiction in which such distribution would be prohibited by applicable law.

Neither the Fund(s) nor Finance in Motion nor any of its shareholders, directors, officers, employees, service providers, advisors, or agents makes any representation or warranty or gives any undertaking of any kind, express or implied, or, to the extent permitted by applicable law, assumes any liability of any kind whatsoever, as to the timeliness, adequacy, correctness, completeness or suitability for any investor of any opinions, forecasts, projections, assumptions and any other information contained in, or otherwise in relation to, this document, or assumes any undertaking to supplement any such information as further information becomes available or in light of changing circumstances. The content of this information is subject to change without prior notice.

This document does not necessarily deal with every important topic or cover every aspect of the topics it deals with. The information in this document does not constitute investment, legal, tax or any other advice. It has been prepared without regard to the individual financial and other circumstances of persons who receive it.

© 2023 SANAD Fund for MSME. All rights reserved.

©SANAD Fund for MSME, 2023

WWW.SANAD.LU