

### FUND OVERVIEW

#### MESSAGE FROM THE CEO & CIO



**Brienne van der Walt**  
Chief Executive Officer



**Cobus Wells**  
Chief Investment Officer  
for Africa

The first quarter of 2021 marked an important turnaround for the impact outcomes of the SGB Fund. As can be seen on the next page, the continuous job losses suffered since the COVID-19 pandemic broke have stopped and turned around, with a net increase of 135 new direct jobs. This comes on the back of a resumption in business activities and the recovery in revenues seen by many SGB investees.

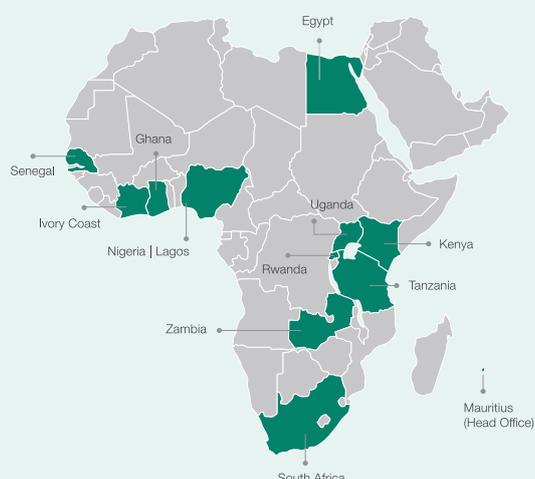
As readers of earlier reports will know, the education sector in Africa has been hit particularly hard, and GroFin had to put many of these businesses in ‘hibernation’ in terms of repayment of debt. One example is Highland School in the Eastern Province, Rwanda. A year ago, their quarterly turnover was RWF 50m, and back then they employed 45 staff members. In the 2nd quarter of 2020, after the implementation of government-enforced lockdown measures, the school’s revenue dropped to zero. This dire situation persisted in the 3rd quarter when no school fees could be levied. Highland School had to reduce their workforce to 6 staff members to survive. In the last quarter of 2020, the school could reopen again but only earned RWF 12.2m, about 25% of their usual income.

But this all changed in the first quarter of 2021. Highland Schools collected school fees of RWF 57.3m, more than it did before the lockdown measures started. It now employs 51 staff members, a 13% increase on their pre-Covid workforce. A key reason why Highland School could survive more than six months with no income was due to advice from GroFin to reduce cash outflows as soon as possible, and a EUR 68k grant from the KfW IFE programme. This outcome demonstrates how support with a relatively small bridging finance facility protected employment outcomes and investee sustainability.

The recovery of Highland School is by no means uniform – many other schools are still well behind their Q1 2020 position, and the lingering effects of the lockdown measures on the viability of clients are still visible. But it demonstrates that if the pre-pandemic business was operating viably, the demand for the client’s goods or services are fairly inelastic, and support is provided for the downturn, that there is a good chance of full recovery when conditions start normalising.

#### GEOGRAPHIC BREAKDOWN OF PORTFOLIO BALANCE

Total portfolio balance by country



COUNTRY	% OF PORTFOLIO (GROSS)
SOUTH AFRICA	10.2%
ZAMBIA	5.2%
TANZANIA	7.3%
RWANDA	10.8%
KENYA	14.0%
UGANDA	13.7%
EGYPT	16.7%
LAGOS	7.5%
GHANA	6.3%
IVORY COAST	6.6%
SENEGAL	1.7%
<b>TOTAL</b>	<b>100%</b>

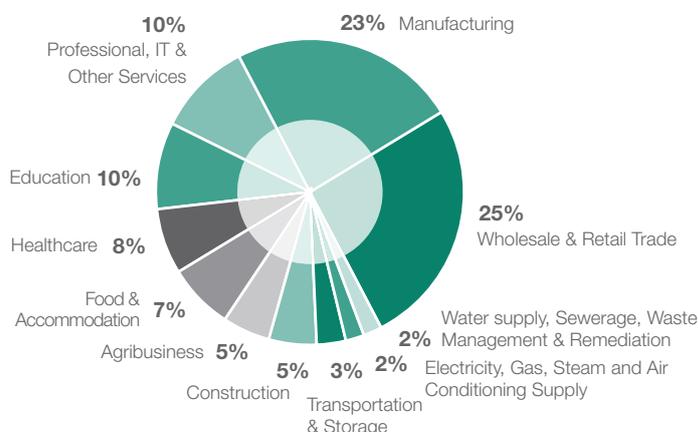
## PORTFOLIO

### OVERVIEW

As at Q1 2021

SME disbursements.....	<b>USD 123M</b>
Total portfolio balance.....	<b>USD 94.7M</b>
SMEs invested in.....	<b>219</b>
GroFin offices across Africa.....	<b>11</b>

GroFin SGB Fund disbursement (%) by sector as at Q1 2021



## IMPACT

### OVERVIEW

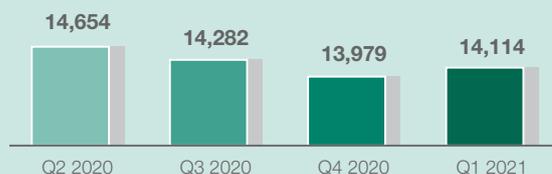
As at Q1 2021

Direct jobs sustained.....	<b>14,114</b>
Total jobs sustained.....	<b>43,770</b>
Total livelihoods sustained.....	<b>218,850</b>
Direct jobs sustained per USD 1M disbursed.....	<b>115</b>

- The easing of lockdown restrictions experienced across African countries during Q1 2021, resulted in the resumption of economic activity across various sectors. However, the pandemic is occurring in waves and with each episode being tackled by policies and measures imposed by governments that reduce human interaction and slow the spread of the COVID-19 virus. These policies have had adverse effects of further reducing labour participation, productivity and capital utilisation, reducing household consumption and also increasing poverty across various thresholds (according to the International Monetary Fund, 2020). Several African countries have been affected by trade shocks and economic disturbances that are further exacerbated by government restrictions on the movement of people, money and goods.

### IMPACT OF COVID-19 ON EMPLOYMENT

Direct Jobs sustained Q2 2020 - Q1 2021



Net change in direct jobs - Impact of COVID-19 since 2020



- During Q1 2021, over 90% of the Fund's active portfolio clients were fully operational (compared to 85% in Q4 2020), indicating a slight growth in economic activity. As a result of resumption in business activity, the Fund's investees grew their workforce and hired back part of staff that were retrenched during 2020. Over Q1 2021, The Fund reported a net increase of 135 new direct jobs, compared to a net decrease in jobs observed during Q1 - Q4 2020.
- 231 new direct jobs were created (mostly rehiring of staff laid off during 2020) while a loss of 69 direct jobs was reported at the level of 12 investees who were still affected by the economic slow-down. The job losses were recorded by investees operating in the manufacturing, construction, education, accommodation & food services, and agriculture sectors. The net increase of 135 jobs represents a 9.7% growth in direct jobs sustained by the Fund in Q4 2020.
- As at Q1 2021, the Fund sustained 14,114 direct jobs, of which 4,619 jobs (33%) are held by women, 6,679 jobs (47%) by the youth and 8,976 jobs (64%) by unskilled/semi-skilled workers. Cumulatively, the Fund sustains 115 direct jobs per USD 1m disbursed.

**BUSINESS SUPPORT**

**OVERVIEW**

As at Q1 2021

Entrepreneurs who received pre-investment business support.....	<b>2,336</b>
Entrepreneurs who received post-investment business support.....	<b>219</b>

During Q1 2021

Entrepreneurs receiving pre-investment business support.....	<b>1</b>
Entrepreneurs receiving post-investment business support.....	<b>99</b>

**GENDER LENS INVESTMENT**

**OVERVIEW**

As at Q1 2021

Women-owned & managed** businesses financed.....	<b>91</b>
Disbursements in women-owned & managed** businesses.....	<b>USD 44.6M</b>
Women-owned* businesses financed.....	<b>36</b>
Disbursements towards women-owned* businesses.....	<b>USD 14.6M</b>
Direct women jobs sustained.....	<b>4,619</b>

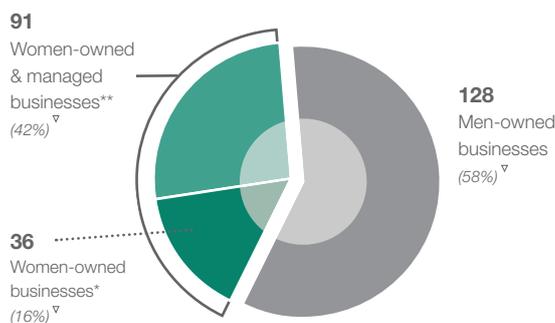
\* Businesses with women holding ≥ 51% of shares.

\*\* Businesses financed with women holding at least 20% of shares and part of executive leadership (Chairperson, Managing Director, CEO, COO, Director, etc.) of the company.

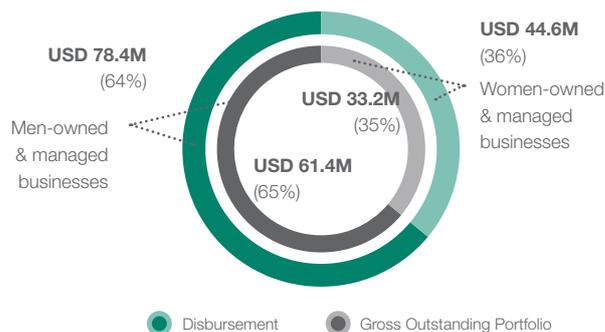


**Composition of Investees by Gender**

▽ % of investees in SGB portfolio



**Disbursement & Gross Outstanding Portfolio**



**BUSINESS SUPPORT**



**GroFin conducts social media marketing workshop for “Hanga Ahazaza” entrepreneurs in Rwanda**

GroFin hosted a marketing workshop for 16 entrepreneurs from the Mastercard Foundation ‘Hanga Ahazaza’ network. The aim of the workshop was to guide these young Rwandans in the tourism and hospitality sector on the effective use of social media marketing to increase business visibility, engage with customers, and generate increased revenue. A post-workshop survey revealed that 95% of participants were highly satisfied with the workshop’s contents, and 100% indicated they would apply the knowledge gained.

**GroFin provides ongoing digital marketing coaching to clients**

In response to the impact of COVID-19, GroFin has so far provided 29 one-on-one digital marketing trainings to clients. 19 of these trainings were with SGB clients from Kenya, Rwanda, Ivory Coast, Senegal and Nigeria. GroFin has also hosted three social media marketing workshops for clients in Ghana, Kenya, Tanzania, Rwanda, and South Africa. Several clients have adopted the digital strategies outlined in the workshops, while others are receiving more detailed support through one-on-one trainings.

In Q1 2021, GroFin provided six clients with digital marketing trainings to help them understand the importance of using online channels to promote their businesses. Three of these were SGB clients from Nigeria and Kenya. Topics included engaging with customers through social media marketing and promoting their businesses through search engine optimisation.



“It was so interesting and an eye-opener. If possible we can have a longer session of more than two hours. Thank you very much!”

**Jean Paul Karinganire, Akagera National Park, Rwanda**



Hanga Ahazaza entrepreneur

“Thanks for the presentation, it was really very educative and we promise to implement. The comprehensive analysis of our website really shows how you took time and surely did your best to unearth every single detail.”

**Edward Munyaburanga, owner of Highland School, Rwanda**



SGB Investee

“Let me extend our appreciation to GroFin for the support we have been receiving. Your training on social media marketing was insightful. Based on the few changes we made as per your suggestions, we have witnessed hundred fold traffic to our Facebook page.”

**George Ochieng, owner of Twiddle Pips Junior School Ltd, Kenya**



SGB Investee

**FINANCIAL ASSISTANCE**

**KfW Grant Beneficiary: Amsata Plastique Sandales**

2020 was going to be a great year for a small shoe-manufacturing business in Dakar. In 2019, Amsata received financing from GroFin to construct a new warehouse and install a new production line for sandals made with two different colours of plastic. After months of work, the new production line was finally up and running in January 2020.

But COVID-19 meant Amsata’s new success would be shortlived. In mid-March 2020, Senegal implemented emergency measures to curb the spread of the virus, including curfews and restrictions on the movement of people and goods, as well as a ban on travel between cities. As more than 80% of Amsata’s clients are located outside of Dakar, its sales declined dramatically when the business could no longer make deliveries outside of the city. Lahbib Niang, Amsata’s owner, says new orders soon dried up. “This brought me a lot of sadness and problems because my fixed costs still had to be covered.”

GroFin provided Lahbib with continuous advice, including equipping him with the tools to gauge the impact of the pandemic on Amsata’s finances, demand for its products, its supply chain, and staff. After consultation with GroFin, he decided to suspend production to decrease overhead costs. He placed 25 of his 31 full-time workers on temporary leave and sent home the 24 part-time workers needed for production.

Amsata sold its stock of finished products and thanks to GroFin’s advice on cash flow management it could pay the remaining employees and fixed costs from March to July 2020.



However, when an easing of COVID restrictions finally meant the business could resume production, its stock of raw materials was quickly depleted. This left the business in a very difficult position as it did not have enough working capital to generate new income.

KfW IFE, through a partnership with GroFin, has provided Amsata with grant funding to enable the business to resume production. Lahbib says without the funding he received from KfW he would have been forced to close the business for good. “The funding allowed us to source raw materials to resume our activities. It will allow us to run for at least six months,” says Lahbib.



*“Looking to the future, we can now produce sufficient quality and quantity to face the new challenges that we have set for ourselves,”*

**Lahbib Niang, owner of Amsata Plastique Sandales**

*I joined Amsata Plastique Sandales since 2016 as a machine operator. My work in this establishment has allowed me to radically change my living conditions and those of my family. My wife also works here as a cleaner. Our salaries allow us to pay the rent, other related expenses, and to pay the schooling of our children. It also allows me to benefit from a lot of training.*

*Before Amsata Plastique, I could not pay anything because I was unemployed, so I had no resources to support my family which has ten (10) members.*

**Says Alioune Ndong, employee of Amsata Plastique Sandales**

**100%**

OF RESPONDENTS  
FIND THE GRANT  
HELPED THEIR  
BUSINESS

**IFE Corona Response Programme Survey**

GroFin conducted a survey on behalf of KfW to assess the satisfaction level of the sub-grantees under the IFE Corona Response Programme. The survey was sent out to 17 sub-grantees with a response rate of 70.6%. The key survey finding is that the grant has helped 100% of the respondents, in one way or another, to mitigate the impact of the COVID-19 pandemic on their business. Furthermore, they have all been able to retain their employees and 25% have even been able to employ more people.