

Press release

For immediate release

SANAD launches new equity impact fund in Middle East and North Africa

- SANAD Equity Sub-Fund II to invest in local financial intermediaries for financial inclusion and job creation
- New sub-fund builds on predecessor's success in channeling private and public capital to region's micro, small, and medium enterprises

Luxembourg, July 4, 2019 – The SANAD Fund for MSME (SANAD) has launched a new sub-fund for equity investments in impactful financial intermediaries in the Middle East and North Africa. Carrying on SANAD's mission to fuel entrepreneurship and employment in the region, the SANAD Equity Sub-Fund II (SANAD ESF II) mobilizes public and private capital to help build a financial ecosystem committed to supporting the crucial but underserved micro, small, and medium enterprise (MSME) sector.

The ESF II follows on the success of its predecessor, the SANAD Equity Sub-Fund I (SANAD ESF I), which has invested USD 30 million into five financial institutions across the region over the past six years. Four of these were greenfield investments, and all are committed to providing sustainable financing for entrepreneurs within their countries of operation. Complementing the equity investments, comprehensive technical assistance provided by SANAD has supported these institutions in growing into successful, impactful enterprises. To date, the SANAD ESF I's combined equity investments have facilitated sustainable financing to MSMEs totaling over USD 640 million, directly contributing to the creation of more than 2,400 jobs in the region.

With its first closing at USD 23 million and funding commitments by the German Federal Ministry for Economic Co-operation and Development (BMZ) and the European Union, the SANAD ESF II benefits from a strong base of initial shareholders and a solid public-private partnership model that provides a risk cushion for private investors. The initiator of the fund, German development bank KfW, and the fund's advisor, Finance in Motion, aim to continue the success of this model by mobilizing further capital for a total target size of USD 60 million.

The investment scope of the new sub-fund will broaden compared to the SANAD ESF I, and encompass innovative technology companies as well as investment vehicles that enable access to financial services for underserved MSMEs and agri-businesses in the region. The ESF II is targeting nine countries including focus markets in Egypt, Lebanon, Jordan, the Palestinian Territories, Morocco, and Tunisia. As with the SANAD ESF

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I, the impact of the new sub-fund will be deepened on both a systemic and an individual level by deploying the complementary SANAD Technical Assistance Facility.

SANAD Board Chairperson Dr. Daniela Beckmann said, “I am very pleased that we launch today the SANAD ESF II, complementing the impact and solid track record of the SANAD debt fund and the SANAD ESF I. There is great potential for further impact to be delivered through equity investments in enabling employment, income, and growth for micro, small and medium businesses in the Middle East and North Africa. The ESF II will also focus on innovative companies in the financial and agricultural sectors, which can act as catalysts for the provision of financial services to the crucial and underserved MSME sector. We are excited and look forward to the next impactful investments of the ESF II across this dynamic region.”

About SANAD

The SANAD Fund for MSME finances micro, small and medium enterprises and low-income households in the Middle East and North 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. SANAD strives to meet these goals by providing debt and equity financing to its local partners. The SANAD Technical Assistance Facility multiplies the fund’s development impact and outreach through capacity-building with partner institutions, developing financial infrastructures according to the principles of responsible finance and conducting much required R&D.

An impact investment fund advised by Finance in Motion, SANAD’s investors include the KfW Development Bank, which initiated the fund; the German Federal Ministry for Economic Cooperation and Development (BMZ); the European Union; Switzerland’s State Secretariat for Economic Affairs (SECO); OeEB, the Development Bank of Austria; Germany’s GLS Bank and GLS Treuhand; the Dutch development bank FMO; and Calvert Impact Capital.

For more information on the SANAD Fund for MSME, please visit: www.sanad.lu

For more information on Finance in Motion, please visit: www.finance-in-motion.com

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