



Financing
our shared
future.



Impact Report 2022

Summary of OeEB's Impact Report published at www.impact-report.at

OeEB's development effects

For 15 years, OeEB has been contributing to sustainable development worldwide. By investing in private sector projects in developing countries, we create better living conditions through a vibrant economy. In this impact report, we give insight into the development effects of our projects and report on our ongoing efforts regarding climate protection and gender equality. Moreover, we put a spotlight on ESG topics we have been working on, as well as on our efforts to mobilise private finance for the SDGs.



This document is an abridged version of our Impact Report, which has been published as an online publication. For more information, please visit www.impact-report.at

Measuring results is one of the defining characteristics of impact investing. All the projects we finance have a clear goal to contribute to improving living conditions in developing countries. We therefore regularly collect data from the clients we invest in and measure and monitor the impact of our projects on different levels.

On portfolio level, we operate a comprehensive Results Framework which encompasses specific indicators and targets and provides a framework to gauge progress toward the achievement of the goals defined in our strategy. On project level, we use an adapted version of the Development Effectiveness Rating Tool (DERa), developed by KfW DEG to measure impact and link results to the Sustainable Development Goals (SDGs). DERa clusters development effects along the following **five impact categories**:



In 2022, the average DERa score of our projects was 83.25 ('good')

1. Decent jobs

Creating more jobs is an urgent priority as jobs are the main path out of poverty. Jobs provide more than monetary income; they are the cornerstone of development: Jobs boost living standards, raise productivity, and foster social cohesion. The private sector plays a key role in achieving full and productive employment. However, it is not the mere number of jobs that is relevant; decency matters just as much. Therefore, OeEB's focus is on creating and safeguarding formal employment in compliance with ILO standards, thus contributing to SDG 8 'Decent Work and Economic Growth'.



53% of OeEB's projects made a main contribution to SDG 8

291,258 MSMEs reached with OeEB financing

353,542 people employed by projects and companies financed by OeEB (excl. funds)

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2. Local income

An increase in local income provides an increase in opportunities for self-determined decisions of individuals and institutions in developing and emerging countries with the private sector being one of the main sources of local income. The contribution of a business to local income is stronger if the respective business model is strongly linked to the local context, i.e., if a company employs local personnel, pays taxes locally and sources from local suppliers.



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3. Market and sector development

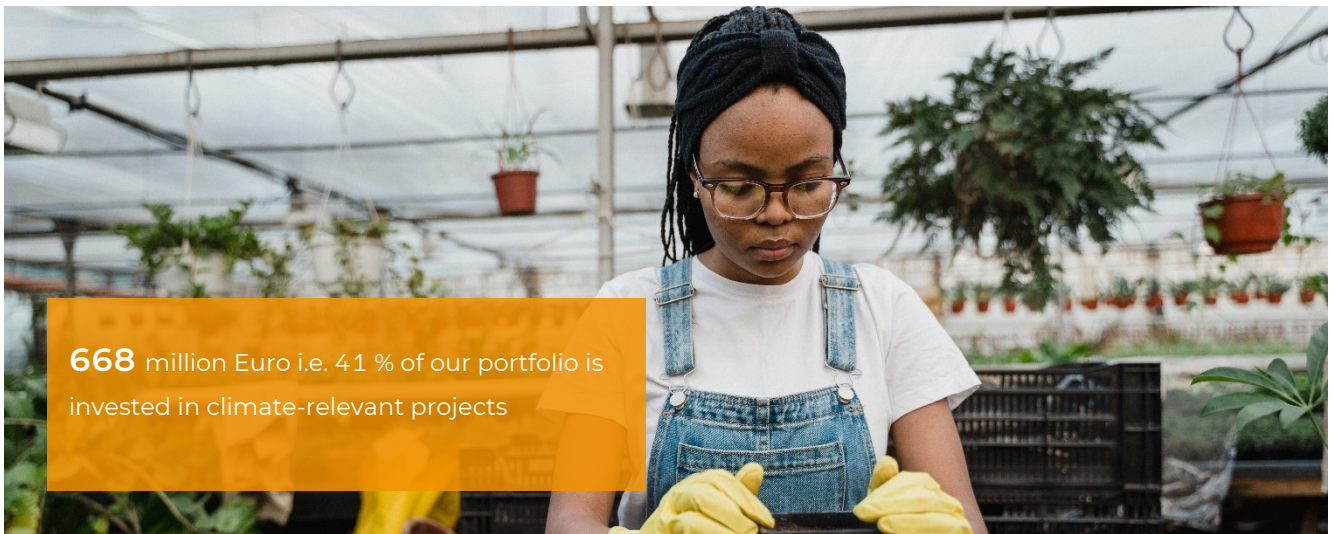
Similar business activities can result in very different development outcomes depending on the country of operation. In less developed countries, a single investment is likely to have a higher impact. The same is valid for investments in sectors that enable further private sector development. In addition, there are other relevant aspects for market development, such as enhancing competition or fostering innovation (which also contributes to SDG 9).



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4. Environmental stewardship

Large parts of the global private sector rely on natural resources either as part of their core business or in their supply chains. Global environmental and climate protection as well as resource efficiency are key factors for sustainable development and therefore addressed by several SDGs. The private sector plays an active role in achieving sustainable development by complying with international environmental standards, producing renewable energy, or improving the sustainability performance of its operations.



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5. Community benefits

Entrepreneurs are active citizens who play an important role in society. Businesses should not only “do no harm” but also aim to “do good” and to contribute to development by actively engaging with local communities. Companies can promote acceptance and support for their activities while communities benefit from an increase in facilities and opportunities that would otherwise not exist.



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Climate protection

By anchoring climate protection as a cross-sector objective in its strategy, OeEB has made it a key priority to support developing countries in adapting to the adverse effects of climate change.

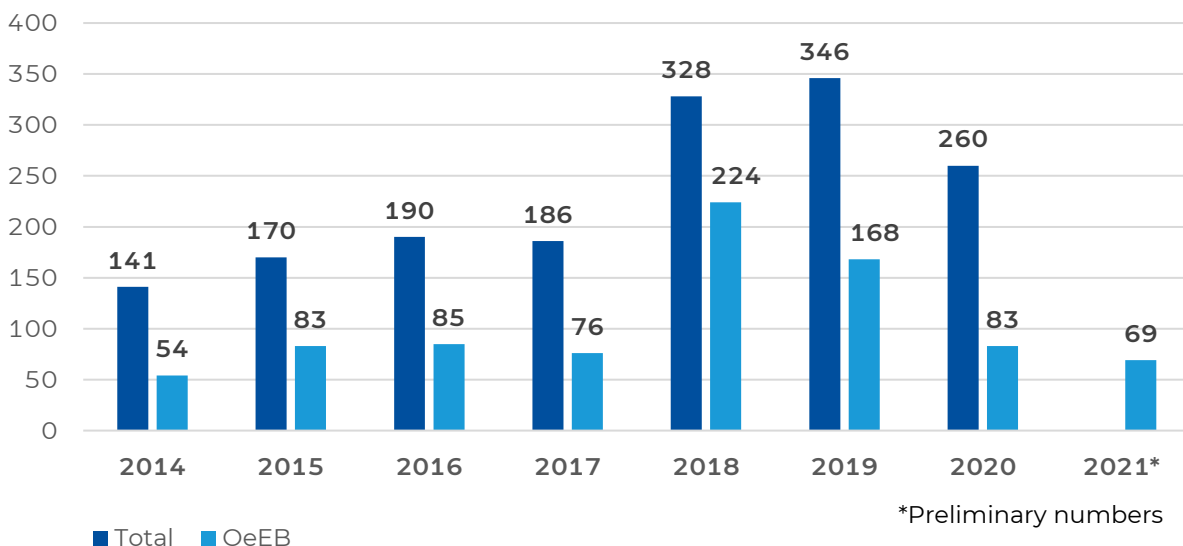


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OeEB aims to invest an average of 40% of new business in climate-related projects. These include projects in the fields of solar, wind and hydro energy as well as energy efficiency projects.

! OeEB's commitment to climate protection has made it one of the largest Austrian providers of international climate finance.

International Climate Finance of Austria in million Euro





3.77 million tons
of CO2 emissions avoided
through projects supported by
OeEB (incl. funds)

0.29 million tons
of CO2 emissions avoided (OeEB's
share, attributed, incl. funds)

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With Technical Assistance (TA) funds, OeEB can support debt and equity investments to strengthen their developmental impact. In the wake of climate change, OeEB specifically supports projects related to climate change mitigation and climate change adaptation. As OeEB has a large exposure to financial intermediaries (FIs) such as financial institutions or funds, we strive to support FIs in aligning their portfolio with the goals of the Paris Agreement.



31 companies and financial
institutions were supported
directly with technical assistance

113 people have been trained in
these programs

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Gender equality

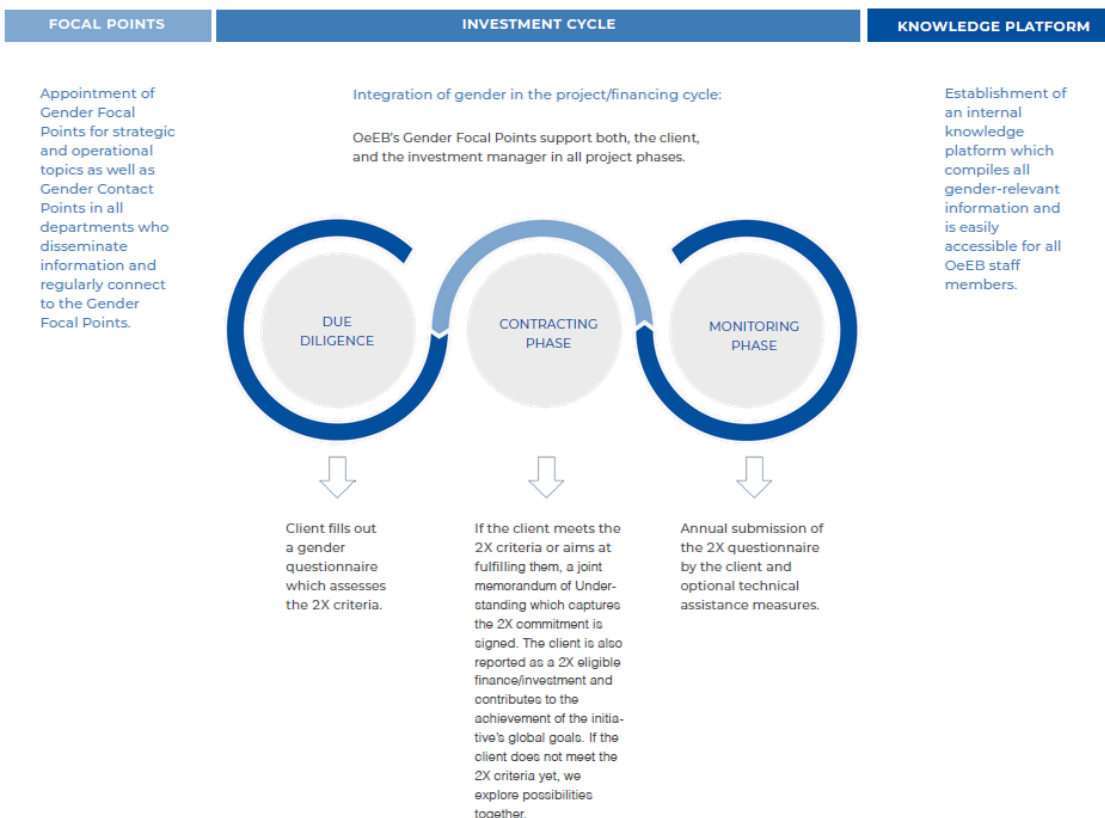
Gender equality is anchored in our strategy as a cross-cutting objective. We aim to support women's economic empowerment and reduce gender inequality. The path for implementation is laid out in our Gender Action Plan.



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The Gender Action Plan covers all departments of OeEB and sets specific targets. It identifies some of the areas where OeEB wants to bundle its efforts first, aiming to not only incorporate a gender lens in OeEB's investment processes but also to improve gender awareness and capacity within OeEB.

Where OeEB stands on its gender journey



ESG Spotlights

For OeEB, proper environmental and social (E&S) risk management lays the groundwork for positive impacts of our projects, and ideally these two aspects reinforce each other along the way. In this section we highlight some ESG topics that we have been working on.

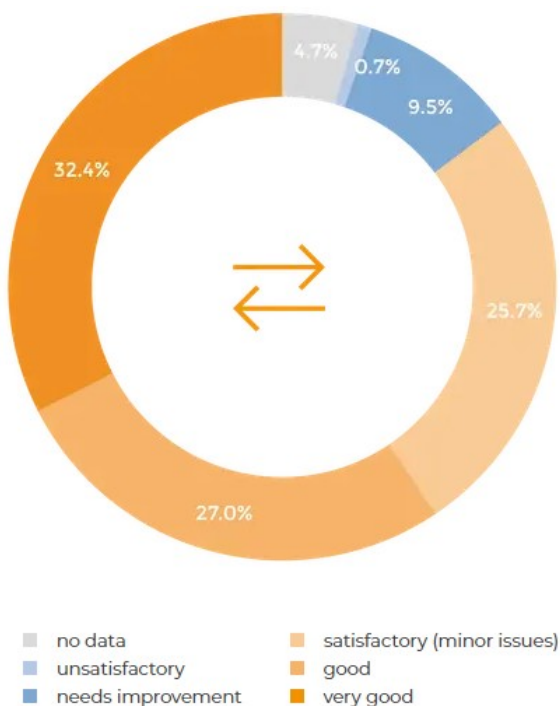
E&S Performance

In 2022, OeEB piloted a separate score (independent of DERa) to measure the environmental and social (E&S) performance of its transactions, effectively looking at how well clients are managing their E&S risks according to the standards required from them.

This overall score needs to manage the balancing act of varying project types (from construction of wind farms to partner banks lending to SMEs) and varying project stages (from beginning of construction, operation of an established factory to setting up an investment fund) and at the same time transform qualitative judgements into comparable scores. The resulting score will therefore not be an exact science, but nevertheless give an overall impression of how well the portfolio is doing in implementing E&S standards. We grouped the results into five categories that can be interpreted similar to school grades.

E&S Performance of OeEB's portfolio 2022

(percentages by number of transactions):



A large share of OeEB's portfolio is performing well in E&S management. This is driven to a large extent by financial institutions and funds which are found almost exclusively in the upper three categories. It reflects OeEB's tradition of working with financial intermediaries taking an active approach to E&S management. In many cases, other DFIs will have laid the groundwork with those clients years ago, setting up well-working E&S management systems. In other cases, OeEB takes an active role in improving E&S performance by providing technical assistance.



60% of TA projects included aspects of E&S, over 30% were exclusively aiming at improvements in this field

©Freepik/Sergio Rojoes

The two low performing categories make up about 10% of OeEB's transactions and include projects where construction has not yet started or projects that are behind schedule in implementing their E&S action plans. The transactions shown as "no data" are clients who did not report any E&S information in the relevant year, e.g. because they face challenges in their respective environments and everyone's focus lies on getting them back on track economically

Human rights – from “do no harm” towards enabling remedy

In 2022, OeEB continued its efforts on enhancing its positive development impact through strengthening the human rights lens in its transactions. To this end, it focused on building capacities and revising its internal processes to align the IFC Performance Standards based investment process with the requirements of the UN Guiding Principles (UNGP).

! The right to an effective remedy is at the core of human rights standards as it ensures remediation for harm from those responsible for human rights violations.

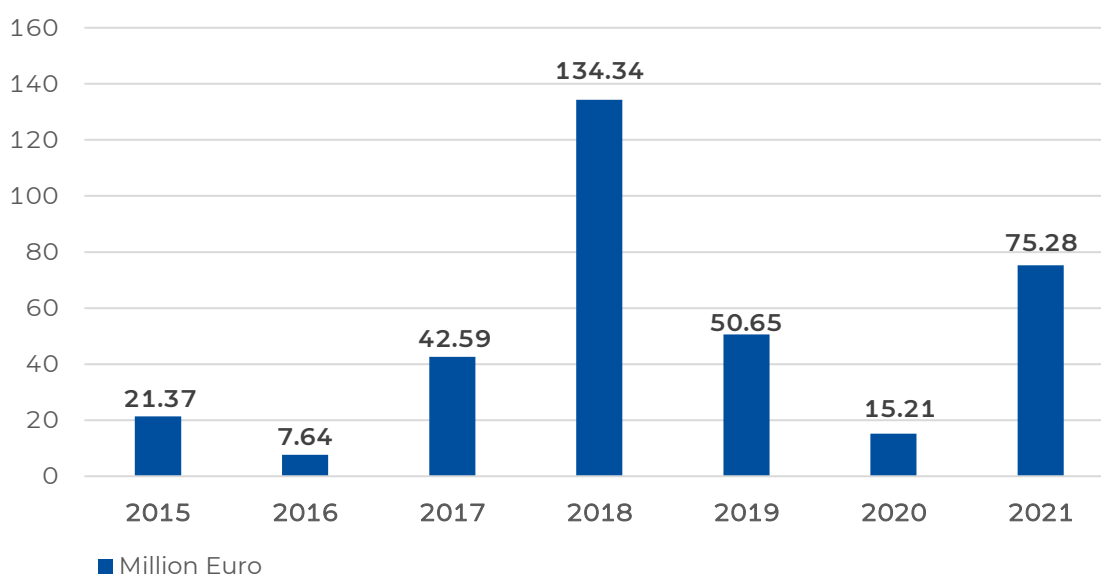
For the EDFI community non-state-based mechanisms, such as project level grievance mechanisms, play a vital role in risk assessment and monitoring. The upcoming launch of OeEB's Human Rights Policy is closely related to the update of OeEB's grievance mechanism which will take account of OeEB's corporate responsibility to ensure access to remedy under pillar III of the UNGPs. In parallel, OeEB has started to identify strengths and weaknesses of grievance mechanisms at the portfolio level including pressing needs, challenges and lessons learned. It aims at supporting its clients in establishing effective grievance mechanisms. On its human rights journey, OeEB engages in regular exchange and dialogue with governmental representatives, NGOs, and international human rights networks and institutions.

Mobilising private finance for the SDGs

Overlapping worldwide crises have dramatically slowed or even reversed progress towards the SDGs. With an annual financing gap estimated at USD 4 trillion, mobilising private finance remains critical. Development Finance Institutions play a crucial role in mobilising private investors.

The graphic illustrates the achievements of OeEB in the context of mobilising private capital for joint investment projects. Despite the continuing state of multiple crises since 2019, proactive activities for liaising with private investors, offering preparatory activities for increasing the incentive for their involvement and to jointly develop and implement projects, continue to be vital and seem to prove effective. OeEB's strong positive outcomes in 2021 are especially owed to significant mobilised climate finance, e.g. through investments in renewable energy projects.

Mobilised Capital



Gutmann OeEB Impact Fund

The Gutmann OeEB Impact Fund, a joint project between OeEB and Bank Gutmann, an Austrian private bank, announced the end of its fundraising period in 2022.

! | EUR 72 million were mobilised from 48 private and institutional investors.

Since its launch in 2019, the fund has invested in six private equity funds, three financial inclusion funds and three SME funds. Several of the funds have a strong tech angle, such as Fintech or Climate Tech. By the end of 2022, these funds had invested in 54 companies and provided more than 4.52 million underserved retail customers with access to financial services. Because of the success of the Gutmann OeEB Impact Fund, OeEB and Bank Gutmann are preparing for the launch of a successor fund focused on climate financing.

About OeEB

OeEB was founded in March 2008 as the development bank of Austria. Guided by the vision of a good life for 8.5 billion people in 2030, within the ecological limits of our planet, we invest in private-sector projects that are economically sustainable and have positive impacts on development in developing countries and emerging markets.

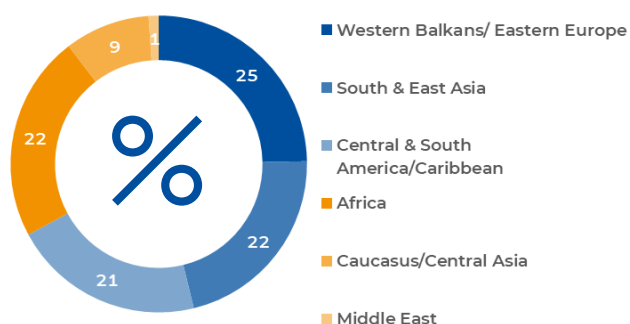
We are a private stock company and work on behalf of the Austrian Ministry of Finance. In our strategy for 2019–2023, we have chosen three focus sectors where we believe we can have the biggest impact: renewable energy, financial inclusion of micro, small and medium-sized enterprises (MSME), and infrastructure. In addition, we have anchored climate protection and gender equality as cross-sector objectives that we pursue in all our investments. The Sustainable Development Goals (SDGs) serve as the central point of reference for our strategic positioning.

Our portfolio

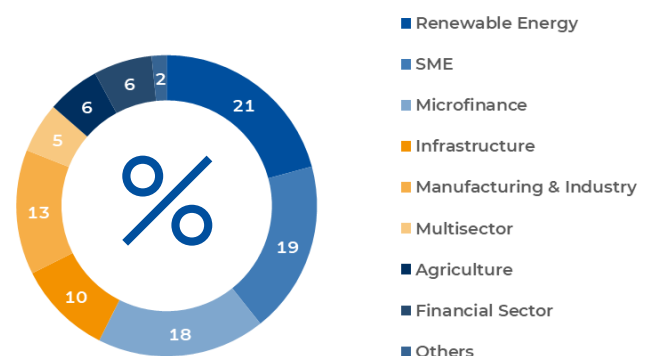
We offer tailored, long-term credit financing solutions at near-market conditions and provide equity capital for relevant funds. Additionally, we enhance the developmental impact and sustainability of our projects through technical assistance measures.

! At the end of 2022, our total committed portfolio amounted to **EUR 1.62 billion** – of which EUR 1.48 billion was invested in lending projects, and EUR 140 million in equity projects.

Committed total portfolio by region (2022)



Committed total portfolio by sector (2022)



OeEB – member of EDFI

OeEB is a member of the European Development Finance Institutions (EDFI) network and implements many of its projects in close cooperation with other national and international actors working with the private sector. The 15 EDFI members hold a committed portfolio of EUR 48 billion altogether.



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