OeEB Development Report 2017

Creating better living conditions through a vibrant economy

OESTERREICHISCHE ENTWICKLUNGS-BANK AG

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10 YEARS OeEB

Financing sustainable development

We support our clients in creating employment and decent jobs:
our clients provide jobs to over 280,000 people – many more are employed in the supply chain of the projects and companies we finance or at the level of micro-, small- and medium-sized enterprises getting access to finance through the local banks we work with

We provide funding for local micro-, small and medium-sized enterprises (MSME) and help them prosper:
over 76,000 MSMEs gained access to finance through our projects

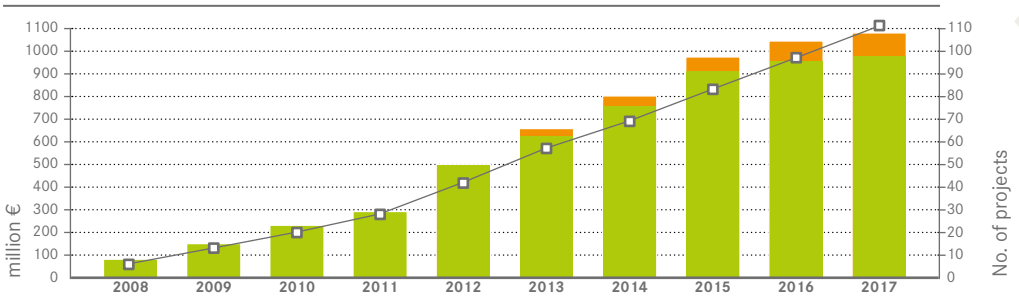
We contribute to fighting climate change by investing in renewable energy and energy efficiency projects:
over EUR 468 million currently invested in climate-friendly projects, 1,618 MW newly installed power generation capacity from renewable sources in on-going projects – in 2017 alone, 3,076 GWh were produced from renewable energy sources in OeEB's projects

We assist our clients in strengthening capacities: training for over 8,800 people directly funded by OeEB in the past years

We aim at reaching those most in need: EUR 154 million currently invested in Least Developed Countries

Funding tomorrow's prosperity

COMMITTED TOTAL PORTFOLIO



At the end of 2017, OeEB had a **committed total portfolio of EUR 1.08 bn** – thereof 90.5% invested in lending projects, and 9.5% invested in equity projects.

- Loans in million €
- Equity in million €
- No. of projects

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Our mission – Our focus

OeEB is the officially mandated Development Bank of Austria. Its mission is to promote economically, environmentally and socially sustainable development through investing in profitable private sector projects in developing and emerging countries. To accomplish its mission, OeEB has three product lines available: investment lending, equity participations and business advisory services.

OeEB forms part of the Austrian Development Cooperation, and its activities and priorities are reflected in the Three-Year Programme 2016-2018 of the Austrian Development Cooperation.

The Sustainable Development Goals with their overarching goal of ending poverty as enshrined in SDG 1 and further goals such as SDG 7 on affordable and clean energy and SDG 8 on decent work and economic growth, but also SDG 9 on sustainable infrastructure and SDG 13 on climate action, serve as the central points of reference for OeEB's strategic positioning.

OeEB puts particular emphasis on projects in the renewable energy and resource efficiency (including energy efficiency) sectors. Further, OeEB focuses on projects benefitting local micro-, small and medium-sized enterprises (MSME). OeEB considers these sectors as particularly relevant in the context of the private sector's contribution to implementing the SDGs.

While OeEB's investments are not tied to the involvement of Austrian entities, OeEB also seeks to develop markets and to accompany Austrian companies in their activities in developing and emerging countries.

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. Despite being the youngest EDFI-member, OeEB has already grown to be the sixth largest in terms of portfolio.

10 YEARS of growth and development

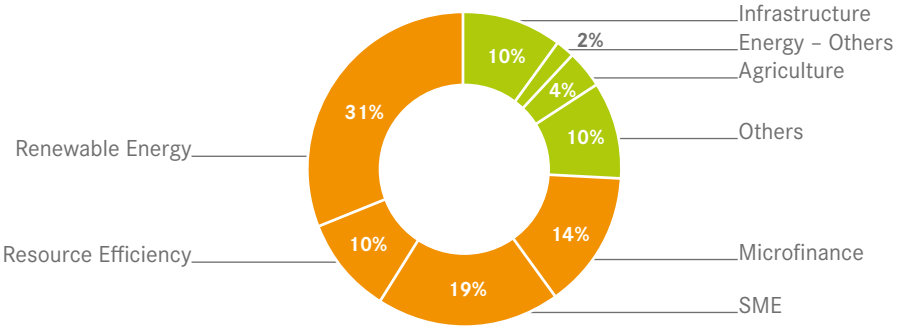
Founded in 2008, OeEB looks back at 10 successful years:

With nearly 300 projects, OeEB has contributed to sustainable economic development worldwide which makes it a key player within the Austrian development cooperation.

Moreover, by focusing on renewable energy and energy efficiency, OeEB has become Austria's largest provider of climate financing in developing countries.

The sectors we focus on

COMMITTED TOTAL PORTFOLIO BY SECTOR (2017) – FOCUS SECTORS IN ORANGE



Clean energy for the MENA region

Energy is one of the key drivers for economic development. But faced with a fast growing population and increasing energy demand, energy supply systems in the countries of the Middle East and North Africa have been struggling to keep up. Especially for countries depending on energy imports, such as Jordan, it is essential to diversify their energy mix in order to meet demand.

The Catalyst MENA Clean Energy Fund addresses this challenge by mobilizing the region's vast renewable energy potential.

The private equity fund invests in renewable energy infrastructure projects with a focus on solar energy as well as in mid-sized enterprises serving the energy and energy efficiency sectors. While focusing on Jordan, Catalyst may also invest in Egypt, Morocco and Tunisia.

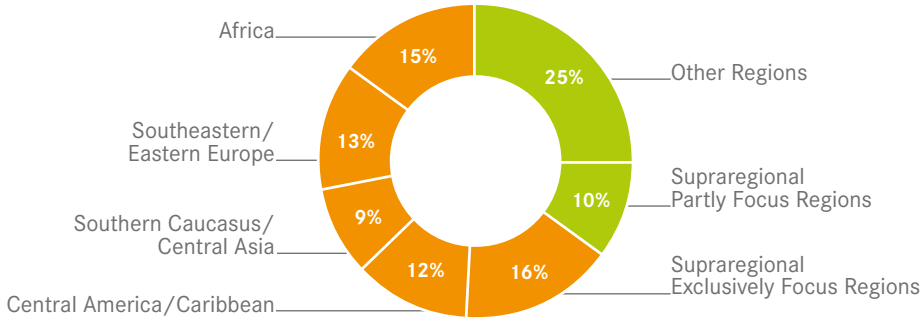
The fund's investments not only help improve energy supply while reducing dependence on energy imports but also contribute to creating and securing jobs and increasing tax revenues. By working closely with local project developers and companies along the value chain the fund helps build up know-how needed for the future development of the renewable energy sector.

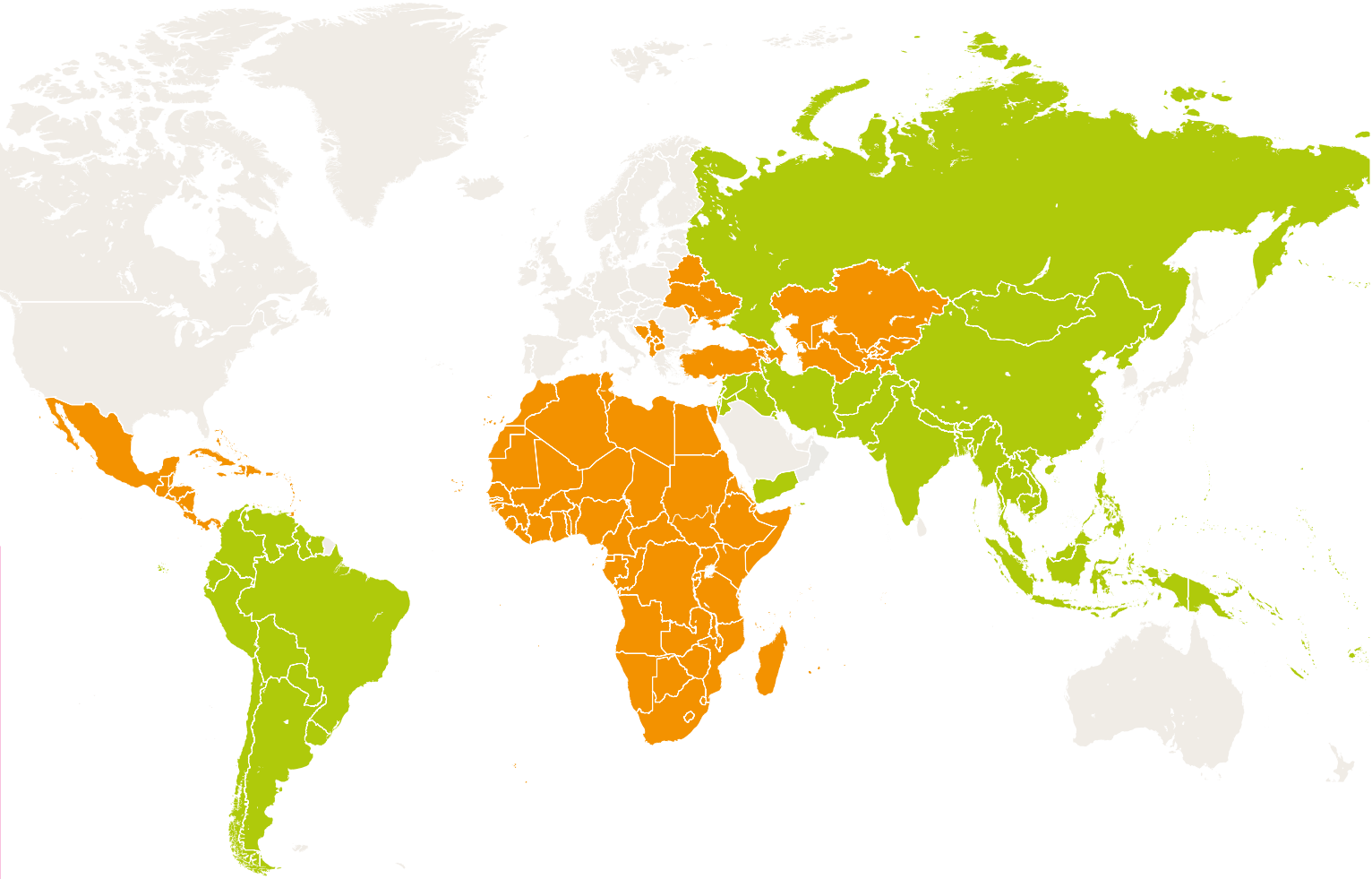
In 2017, OeEB invested USD 4.5 million in the Catalyst MENA Clean Energy Fund.

Where our clients are located

OeEB's mandate encompasses all countries classified as Developing and Transition Countries by the OECD, plus Russia. These countries are highlighted in green. Within these countries, OeEB puts particular emphasis on implementing projects in its focus regions: Southeastern/Eastern Europe, Southern Caucasus/Central Asia, Africa and Central America/Caribbean. Countries within these focus regions are highlighted in orange.

COMMITTED TOTAL PORTFOLIO BY REGION (2017) – FOCUS REGIONS IN ORANGE





How we measure our results

On portfolio level:

In order to measure progress towards the goals defined in its strategy, OeEB operates a comprehensive Results Framework. The Results Framework encompasses specific indicators and targets and provides a framework for OeEB's management to gauge progress toward the achievement of results.

On project level:

In order to assess the developmental effects of OeEB's portfolio, all projects are evaluated with an adapted version of the Corporate Policy Project Rating Tool (GPR), originally developed by the German development finance institution (DEG). The Rating Tool adapted by OeEB enables both ex-ante (at the time a project is approved) and ex-post (actual figures during project implementation and after completion) evaluations and scores projects based on the following four criteria: the project's long-term profitability / developmental impact / the particular strategic role of OeEB / the project's contribution to OeEB's expected return on equity. These four benchmarks are combined in a total index (GPR score), ranging from 1 'very good' to 6 'insufficient'. The project's developmental impact (EPOL score) is also reported separately as a grade based on the same scale. In 2017, the average GPR score of projects in OeEB's portfolio was 1.6 and the average EPOL score was 1.7.

Improving environmental & social standards in Bangladesh

Despite high economic growth in recent years, Bangladesh is still among the world's least developed countries. Small and medium-sized enterprises make up the majority of the private sector and therefore play a crucial role in the country's development. However, their ability to invest and grow is hampered by limited access to finance. At the same time, Bangladesh is one of the countries most vulnerable to the impacts of climate change and is still to a large extent dependent on fossil fuels. OeEB's priority in Bangladesh is therefore to improve SMEs' access to finance and to promote clean energy. OeEB supports these goals by extending credit lines dedicated to SMEs and Green Financing to local banks. In doing so, OeEB ensures that loan-receiving businesses adhere to high environmental and social (E&S) standards.

In addition, OeEB goes one step further and aims to support Bangladeshi financial institutions beyond just providing finance: Using funds from its Business Advisory Services, OeEB teamed up with international partners to set up a training programme for bank employees, focusing on building knowledge and capacity to better address and manage E&S risks with their clients and to identify new business opportunities. The aim is to sustainably incorporate E&S standards in the banks' core business processes and lending activities. In order to further increase awareness of this topic beyond the financial sector, the trainings are also open to customers from particularly sensitive sectors (e.g. the textile industry).

Selected indicators at a glance

JOBS		
People employed in companies and projects financed by OeEB	31,343	(p)
People employed in financial institutions financed by OeEB	257,364	(p)
MICROBORROWERS AND SMEs		
Microborrowers reached with OeEB financing	at least 71,160	(p)
SMEs reached with OeEB financing	at least 5,824	(p)
Total OeEB investment for projects benefitting micro-, small and medium-sized enterprises percentage of total committed portfolio	EUR 343 million 32%	(p)
RENEWABLE ENERGY/ENERGY EFFICIENCY		
Total OeEB investment for projects contributing to fighting climate change percentage of total committed portfolio	EUR 468 million 43%	(p)
Total newly installed power generation capacity from renewable sources in OeEB's projects	1,618 MW	(p)
Produced power from renewable sources in 2017 in OeEB's projects	3,076 GWh	(p)
CAPACITY BUILDING		
Companies and financial institutions supported directly by OeEB's Business Advisory Services	205	(a)
People trained in these projects	8,807	(a)
LEAST DEVELOPED COUNTRIES		
Total OeEB investment in Least Developed Countries percentage of total committed portfolio	EUR 154 million 14%	(p)
LINKAGES WITH THE AUSTRIAN ECONOMY		
Percentage of all projects (investment finance, equity, business advisory services) that involve Austrian institutions	32%	(a)

(p) Committed portfolio figures: ongoing projects as per December 31, 2017
(a) Accumulated figures: ongoing and completed projects as per December 31, 2017

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