



# Impact Report

# 2023

Abridged version of our report available at [www.impact-report.at](http://www.impact-report.at)

## OeEB's development effects

As the development bank of Austria, OeEB finances private investments in developing countries that are economically sustainable and achieve developmental impacts. In this annual impact report, we give insight into how we measure and monitor the effects of our projects and how they contribute to sustainable-development.



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](http://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.



© figures as of 31/12/2023



**i** | At the end of 2023, our total committed portfolio amounted to **EUR 1.72 billion** – of which EUR 1.59 billion was invested in lending projects, and EUR 138 million in equity projects.

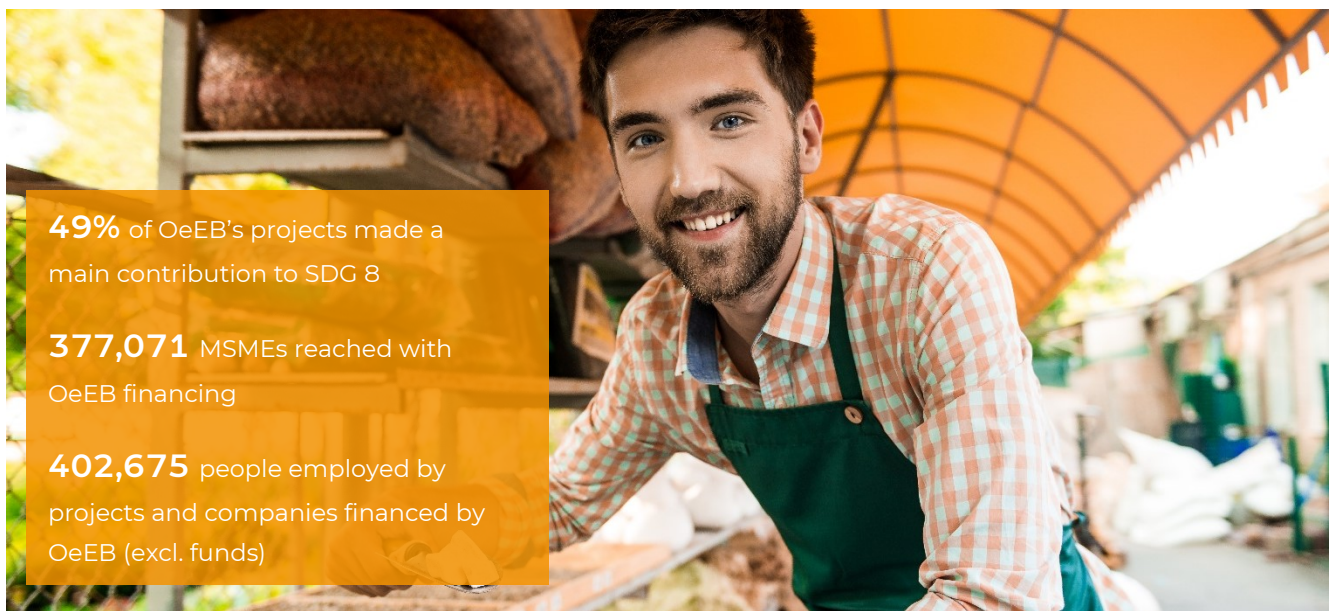
On portfolio level, we operate a comprehensive Results Framework which allows us to gauge progress toward the achievement of the goals defined in our strategy. On project level, we use an adapted version of the **Development Effectiveness Rating Tool (DERa)**, developed by KfW DEG to measure impact and link results to the Sustainable Development Goals (SDGs).

**!** | In 2023, the average DERa score across our project portfolio was **83.97 ('good')** out of a maximum of 150 points.

DERa clusters development effects along the following **five impact categories**:

## 1. Decent jobs

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'.



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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 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).

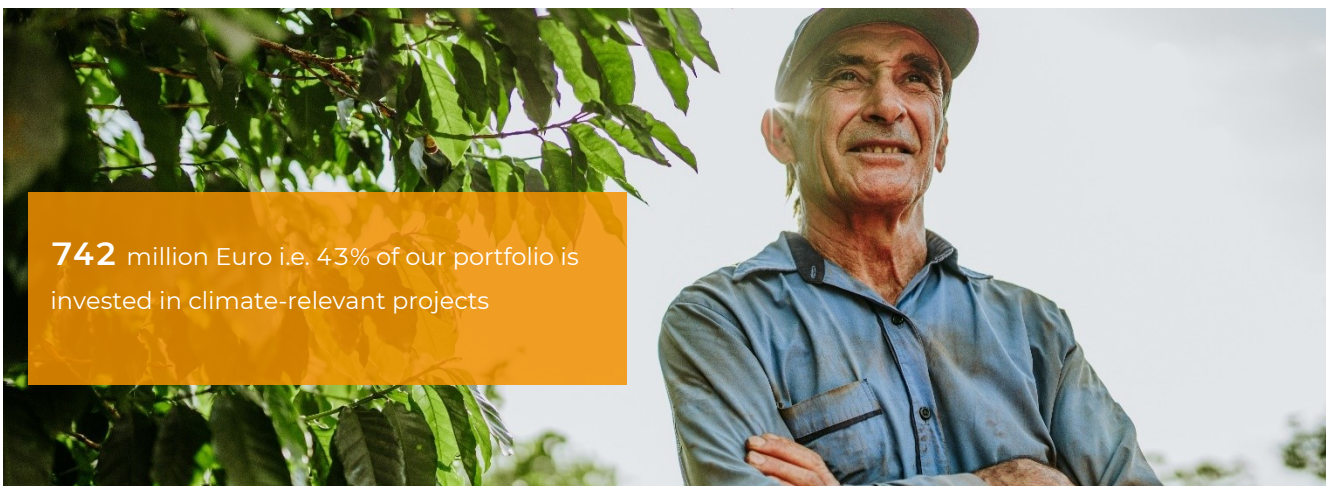


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#### 4. Environmental stewardship

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, improving the sustainability performance of its operations, or for instance, producing renewable energy.



**742** million Euro i.e. 4.3% of our portfolio is invested in climate-relevant projects

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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.



**67%** of OeEB's clients contribute to community development (excl. funds)

**50.41** million Euro spent on community development contributions by OeEB's clients (excl. funds)

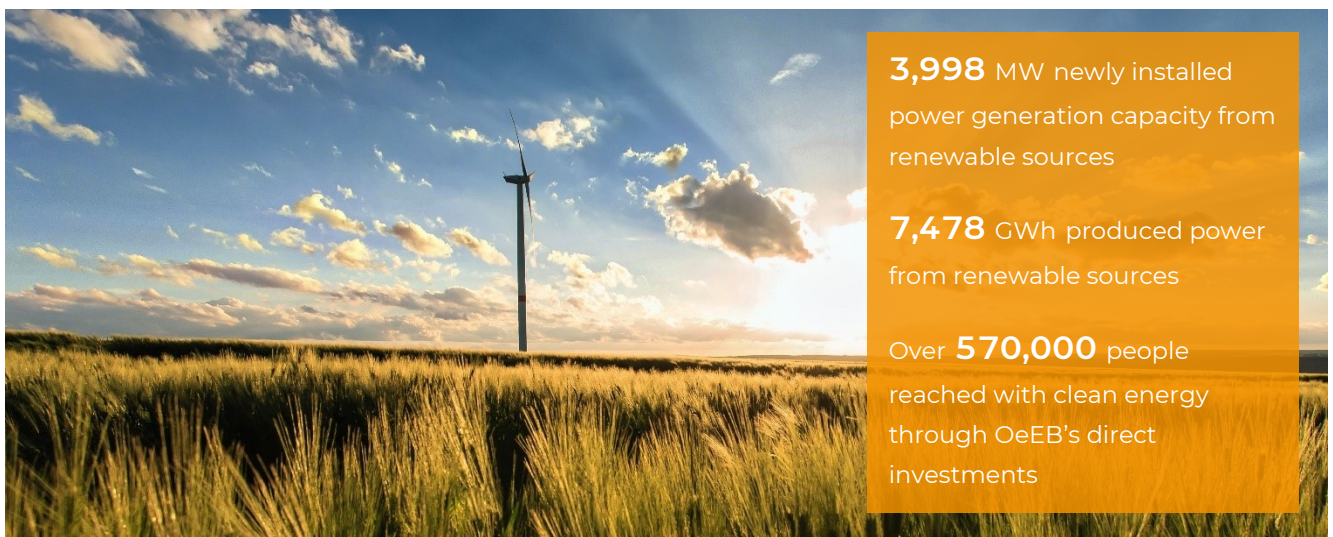
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## Climate protection

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By anchoring climate protection in its strategy, OeEB has made it a key priority to support developing countries in mitigating and 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. In 2022, OeEB provided **63 %** of Austria's international climate finance (including mobilised private finance).



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## Gender equality

Gender equality is anchored in our strategy. OeEB aims to support women's economic empowerment and reduce inequalities. The path for implementation is laid out in its [Gender Action Plan](#) (GAP). The GAP identifies 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.



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### Contextualising gender risks

As part of the environmental and social analysis of potential investments, OeEB uses internationally recognised indices to determine country-specific gender risks as well as opportunities for gender-smart support through technical assistance.

#### Which indices does OeEB use?

##### World Bank's Women, Business and the Law (WBL)

Based on responses from experts in 190 countries – lawyers, judges, academics, and members of civil society organizations – to a standardised questionnaire, it provides an overview of the situation regarding the national laws of these countries in enabling gender equity.

##### OECD's Social Institutions and Gender Index (SIGI)

Based on the assessment of laws, social norms and practices that restrict women's and girls' rights and access to empowerment opportunities and resources, it captures underlying drivers of gender inequality and thus discrimination against women across 179 countries.

#### Why contextualise our transactions?

These sources assist OeEB in contextualising its investments within a country: It helps to identify potential country-specific gender risks but also opportunities for gender-smart support and, ultimately, positive impact on the ground. The indices also allow OeEB to focus its attention on specific aspects relevant to the country's business operations. For example, indication of restrictions to entrepreneurship may challenge intentions to target women-owned businesses in this country. Also, different legal provisions for men and women with regards to movement outside of their home may hinder attempts to increase job opportunities for women where they would have to commute between their home and their workplace.

Knowing about these obstacles makes it possible to identify and develop solutions – and start a conversation with local counterparts. OeEB may also support its clients in identifying and shaping such solutions with dedicated Technical Assistance. Companies may ultimately be or become role models in overcoming gender obstacles in the country.

## **Global Gender-Smart Fund (GGSF)**

In 2009, OeEB became one of the first investors in the Microfinance Enhancement Facility (MEF), a fund providing liquidity to the microfinance sector in developing countries around the world. Over the years the fund has continued to adapt to the changing needs of microfinance institutions. Building on its experience and with the clear intention to enhance its focus on an area with clear additionality, the fund was re-invented as the “Global Gender-Smart Fund” (GGSF), turning its attention to investments that advance gender equality. As one of the fund’s founding shareholders, OeEB was extensively involved in structuring the new fund.

GGSF will provide finance solutions to underserved women, women-led businesses and women-owned businesses in developing markets through financial institutions. Additionally, the fund aims to improve gender equality at level of the financial institutions themselves: On the one hand, by improving the gender-balance at senior level, on the other hand by improving working conditions for women. In doing so, the fund aims to build on the criteria of the 2X Challenge and to seek 2X Certification.



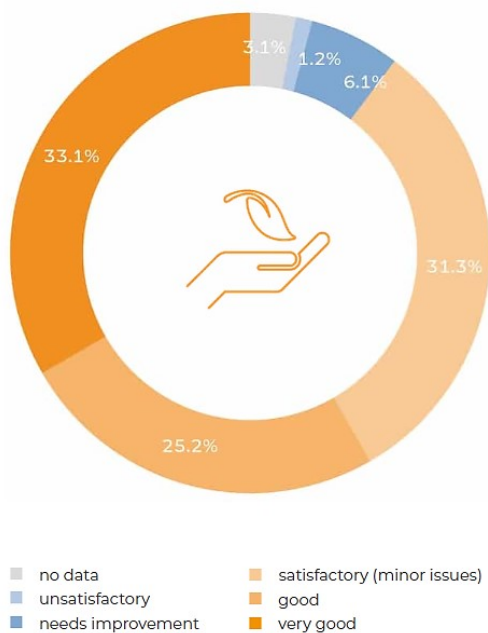
## ESG Spotlights

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

To understand the positive impact of our projects on people and the environment we also need to look at potential negative impacts and how they are avoided or – if they are not avoidable – how well they are managed. In 2022 we piloted a separate measure (independent of DERA) for this part of our work looking at E&S performance of our transactions, in other words how well clients are managing their E&S risks according to the standards we require from them.

#### E&S Performance of OeEB's portfolio 2023 (percentages by number of transactions)



A large share of OeEB's portfolio is performing well in E&S management. As last year, this continues to be driven to a large extent by well performing financial institutions and funds. It reflects OeEB's tradition of working with financial intermediaries taking an active approach to E&S management. On the other hand, OeEB also supports clients to improve their E&S performances by providing technical assistance: By the end of 2023, over 80% of OeEB's TA projects included aspects of E&S, 36% were exclusively aiming at improvements in this field.

The two low performing categories make up just above 7%, which is slightly less than last year. Low scores can be attributed to different factors, like early project phases (e.g. construction has not started yet and E&S relevant procedures have not been drawn up, let alone implemented) or delays in implementing environmental and social action plans.

Adding the E&S risk of the relevant transaction to the picture, we learnt that transactions with more room for improvement are predominantly high and medium-high risk transactions (with requirements for these projects being higher and therefore also more difficult to achieve). Low-risk transactions, on the other hand, are still found in the better scoring categories, as is a vast majority of medium risk transactions.

**!** 13% of our portfolio particularly stands out for implementing high standards for high risk transactions in an excellent manner.

## Human rights – towards effective remedy through mediation

The right to an effective remedy lies at the core of human rights standards. Remedy is about corrective action to redress human rights harms. It is about both using effective processes and the substantive outcomes of these processes to make affected stakeholders whole again and restore their dignity. Depending on the particular circumstances, remedy can take different forms, e.g. restitution, compensation, guarantees of non-repetition or satisfaction. From a human rights perspective it is important to involve affected stakeholders in the decision on the adequate form of remediation.

Non-judicial, mediation-based grievance mechanisms play a crucial role in solving conflicts between business and human rights interests as they may surface in OeEB-financed projects. In 2023 OeEB therefore not only expanded its network of international mediation experts but also deepened its internal mediation skills by participating in a mediation training provided by the Consensus Building Institute.

OeEB's human rights journey has been accompanied by a substantive stakeholder consultation process. Furthermore, it takes account of the EDFI Human Rights Guidance notes. OeEB's upcoming Human Rights Policy and grievance mechanism will illustrate its commitment and operationalise its corporate responsibility to respect human rights as set out in the UN Guiding Principles on Business and Human Rights.



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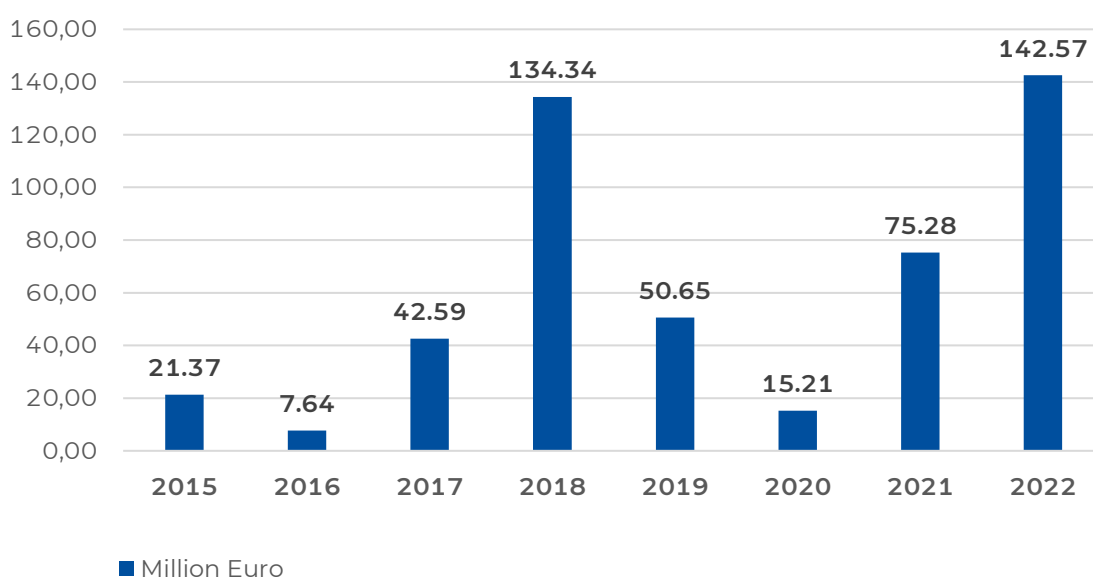


## Mobilising private finance for the SDGs

A sustainable, inclusive and prosperous world by 2030 – that is the core promise behind the 17 Sustainable Development Goals (SDGs). However, at the halfway mark of their implementation, the SDGs are in peril with only 15 percent of the targets on track, and many going in reverse. Accelerated action is needed to put the world back on course to achieving the ambitious goals it set itself in 2015.

Mobilising private finance for sustainable development, as targeted in SDG 17, therefore remains critical. The following graph illustrates the achievements of OeEB in the context of mobilising private capital for joint investment projects. OeEB's strong positive outcomes in 2022 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 successfully continued its investment activities in 2023. The key objective of the fund, which has mobilised a total of EUR 72 million from the private sector, is to improve the living conditions of people in developing and emerging countries in a sustainable manner.

Since its launch in 2019, the Gutmann OeEB Impact Fund has invested in eight private equity funds, four financial inclusion funds and four SME funds. Several of the funds have a strong tech angle, such as Fintech or Climate Tech. By the end of 2023, these funds had invested in 77 companies and provided more than 5.92 million underserved retail customers with access to financial services. During their fund term, these funds are expected to create more than 268,000 local jobs.



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Strauchgasse 3      T +43 1 533 1200-0      [www.oe-eb.at](http://www.oe-eb.at)  
1010 Vienna, Austria      [office@oe-eb.at](mailto:office@oe-eb.at)