

Impact objectives of the SANAD Fund for MSME

The fund’s mission is to finance micro, small, and medium enterprises and low-income households in the Middle East, North Africa, and selected countries in sub-Saharan 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.

In working towards its mission, the fund focuses its activities on specific target regions and groups:

1. Target regions: SANAD’s activities focus on the regions that are challenged with economic insecurities and at the same time have substantial potential for economic growth. Overall, they exhibit a high need for investment that focuses on inclusive economic development, particularly providing opportunities to youth and women.

2. Target groups: The fund targets **micro, small, and medium enterprises** (MSMEs), including in the agricultural sector, as well as **households** with

limited access to affordable housing. The **local financial sector** that serves MSMEs plays a key role in closing the fund gap, and thus also represents an important target group for SANAD.

Impact at a socio-economic level

In line with its mission, the fund aims for a positive contribution in the following impact areas:



Supporting income generation from self-employment & entrepreneurship

Foster the ability of MSMEs to start, maintain, and grow their business activities



Fostering employment stability & growth

Contribute to sustaining and creating jobs in MSMEs



Improving livelihoods

Support low-income households in improving their housing conditions and starting/consolidating a development pathway

Impact on financial systems








Core to SANAD’s impact strategy is strengthening the ability of local financial institutions to provide much-needed financing to the fund’s target groups. By strengthening financial intermediaries and helping them to enhance their MSME lending, the fund strives to increase access to finance at scale and in a sustainable manner. At the same time, it seeks to further the development of inclusive and responsible financial systems, ultimately benefiting economies at large.

SANAD pursues these aims by extending debt and equity **financing** to local partners, such as microfinance institutions (MFIs), leasing companies, commercial banks, fintechs, and other financial intermediaries that share the fund’s interest in serving the target groups. In addition, the fund supports the local financial sector in building its **capacity** to serve the needs of MSMEs, including in agriculture, and low-income households. Finally, SANAD’s activities contribute to developing the wider **ecosystem**

for economic development, such as the regulatory environment or support services for entrepreneurship.

Contribution to the SDGs

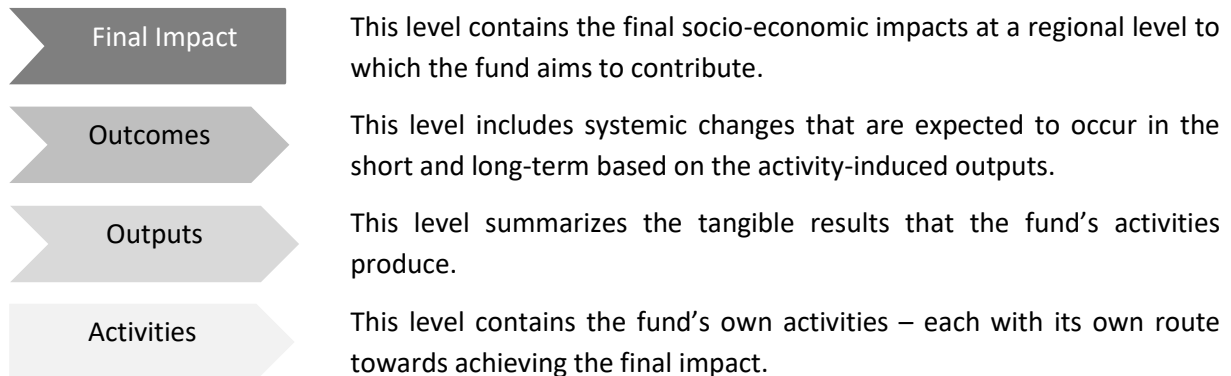
SANAD's activities have been mapped toward the Sustainable Development Goals (SDGs) at an SDG target level. Based on these, six have been selected as core SDGs:

SDG	SANAD's contribution
	SANAD contributes to eradicating poverty by meeting the basic financing needs of MSMEs and low-income households.
	SANAD contributes to improving agricultural productivity and the livelihoods of small-scale food producers through secure and equal access to financial services.
	SANAD contributes to improving gender equality and women's empowerment by facilitating access to financial services and training for female entrepreneurs and women-owned enterprises and supporting female jobs.
	SANAD contributes to economic development and job creation by enabling entrepreneurs to grow businesses, especially young entrepreneurs and MSMEs in rural areas.
	SANAD contributes to inclusive industrialization by upgrading small-scale enterprises through improved access to finance and innovative solutions.
	SANAD contributes to economic inclusion by sustaining and growing business income among marginalized entrepreneurs, such as youth, refugees, and rural populations.
	As a blended finance fund, SANAD brings together public and private investors for sustainable development.

The path to impact: Theory of Change

The Theory of Change (ToC) demonstrates how the fund's activities are expected to result in fulfilling its mission as described above. The focus here is on the "in-between", the mapping of processes that SANAD's activities aim to trigger and how these ultimately lead to the intended impacts. These processes are interlinked and reinforce each other to drive transformation and systemic change in the market.

SANAD's ToC considers the following levels:

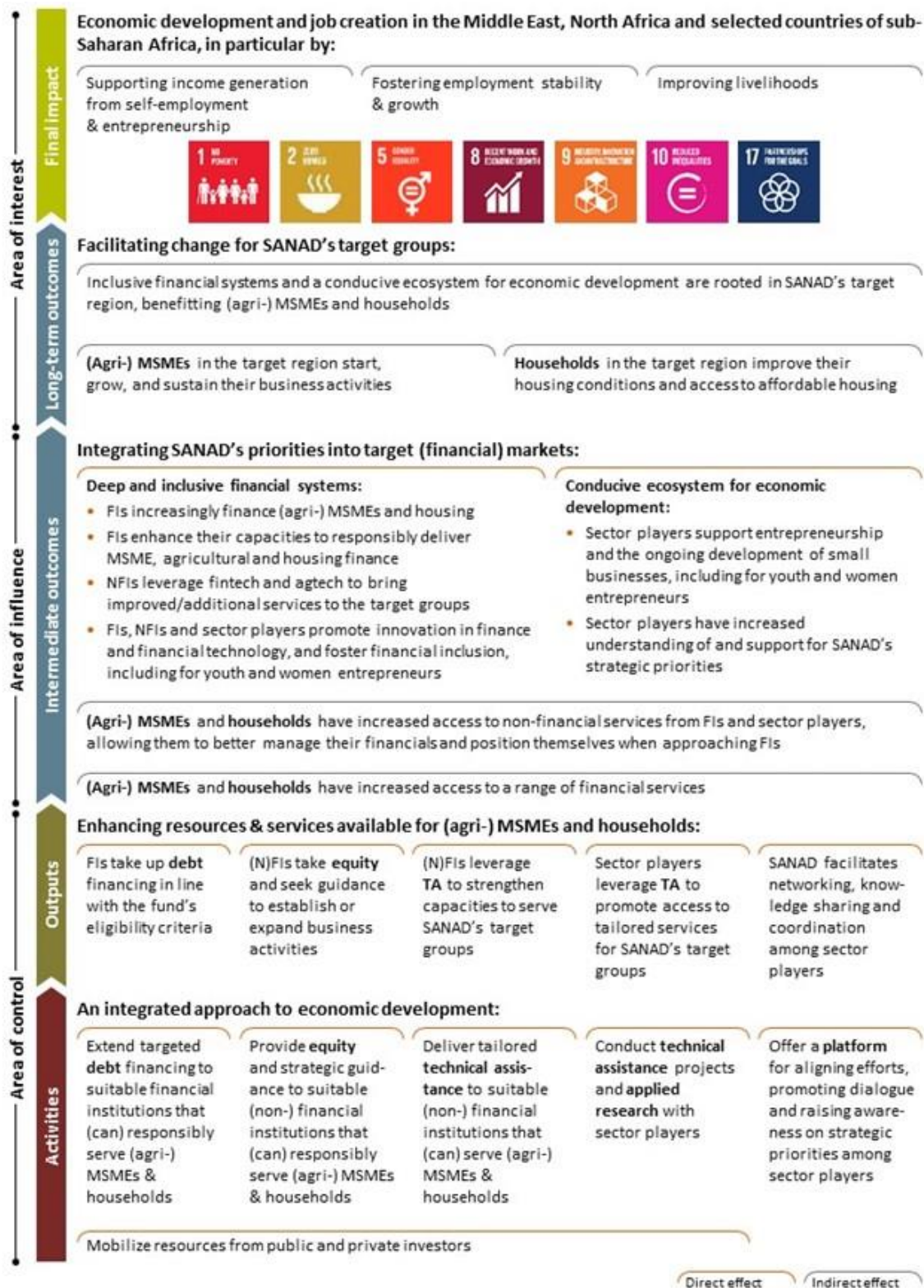


The ToC was constructed based on a causal analysis, drawing on available evidence, and is used to frame the fund's impact measurement and management efforts. Underlying assumptions are continuously verified through SANAD's impact assessment.

Elements outlined in the ToC can be, to a large extent, directly under the control of the fund or influenced by both the fund and external factors. This spectrum is indicated in the ToC as an "Area of control", "Area of influence", and "Area of interest".¹ Given the nature of the fund's work and the complex environments in which the fund's investees and stakeholders operate, SANAD does not attribute the change happening at an outcome and final impact level solely to its contributions. The ToC therefore defines how the fund *contributes* to causing the observed outcomes and final impacts.



¹ This distinction is often used in defining ToCs to differentiate between attribution and contribution.



Theory of Change



Initiated by:



Funded by:



Advised by:



Disclaimer:

The Fund is registered in the Grand Duchy of Luxembourg as an investment company with variable capital subject to the Law of 13 February 2007 and is reserved for institutional, professional or other well-informed investors as defined by Luxembourg law. The issue document or the assets held in the Fund have, however, not been approved or disapproved by any authority. The information given herein does not constitute an offer or solicitation in a jurisdiction where to do so is unlawful or where the person making the offer or solicitation is not qualified to do so or where a person receiving the offer or solicitation may not lawfully do so nor does it constitute a commitment of the Fund to offer its shares, notes, and/or other instruments to any investor. No guarantee is given as to the completeness, timeliness, or adequacy of the information provided herein. No investment may be made except upon the basis of the current issue document of the Fund.

These materials do not constitute an offer to sell or an offer to purchase any securities. Any such offer regarding the securities described herein will only be made by means of a confidential private offering memorandum. These materials are not for distribution in the United States or to US Persons, except pursuant to available exemptions under the Securities Act of 1933 and the Securities Exchange Act of 1934. If these materials are distributed in the United States or to US Persons by Finance in Motion, such distribution will be in compliance with applicable US federal and state securities laws and regulations including without limitation SEC Rule 15a-6. Offers and sales to US Institutional Investors and US Major Institutional Investors, as these terms are defined in the SEC Rule 15a-6 and related interpretive guidance, are chaperoned by Global Alliance Securities, LLC ("GAS"), an SEC-registered broker-dealer and FINRA member (web: www.globalalliancesecurities.com) in accordance with the requirements of SEC Rule 15a-6. Not for distribution in or into Canada, Japan or Australia or to any person or in any other jurisdiction in which such distribution would be prohibited by applicable law.

Neither the Fund(s) nor Finance in Motion nor any of its shareholders, directors, officers, employees, service providers, advisors, or agents makes any representation or warranty or gives any undertaking of any kind, express or implied, or, to the extent permitted by applicable law, assumes any liability of any kind whatsoever, as to the timeliness, adequacy, correctness, completeness or suitability for any investor of any opinions, forecasts, projections, assumptions and any other information contained in, or otherwise in relation to, this document or assumes any undertaking to supplement any such information as further information becomes available or in light of changing circumstances. The content of this information is subject to change without prior notice.

This document does not necessarily deal with every important topic or cover every aspect of the topics it deals with. The information in this document does not constitute investment, legal, tax or any other advice. It has been prepared without regard to the individual financial and other circumstances of persons who receive it.

© SANAD Fund for MSME 2023. All rights reserved.