

# Annual Review: Sumitomo Mitsui Banking Corporation SMBC-JICA Sustainable Finance Framework

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## 1. Introduction

This document is published by the Japan Research Institute, Limited (hereinafter, JRI), as an annual review of the consistency between the "SMBC-JICA Sustainable Finance Framework" (hereinafter, the Framework) and individual loan projects agreed upon by the Sumitomo Mitsui Banking Corporation (hereinafter, SMBC), its global affiliates, and the Japan International Cooperation Agency (hereinafter, JICA) to implement co-financing projects.

The Framework aims to promote sustainable financing, in which SMBC and JICA integrate sustainable elements such as environmental, social, and governance issues in financing economic activities.

## 2. Role of review provider and scope of review

The role of the JRI is as an external reviewer that provides the annual review for the Framework. The scope of the review is to confirm whether the Framework is appropriately applied to each loan project that concluded during a given period and whether these projects can promote sustainable finance as intended by the Framework.

## 3. Results of review

In the review, we find that the Framework was appropriately applied to the loan project shown in (1). Examining the Development Impact Report (hereinafter, DIR) submitted to SMBC and JICA by the borrower, we find that the KPI is appropriately reported, as outlined in the Framework. The loan proceeds are also properly managed as shown in (2).

Among loans disbursed under this framework, those that have already reached maturity are excluded from this review.

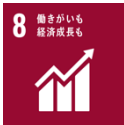

### (1) List of target project

No.	Borrower	Period of loan agreement	Project title
①	Banque Misr SAE	March 2021	Micro, Small and Medium-sized Enterprises and Women's Financial Inclusion Support Project
②	African Export-Import Bank (Afreximbank)	March 2022	Support COVID-19 responses in Africa

③	Aceda Bank Plc.	May 2022	Rural Area Agricultural Sector Supporting Project in Cambodia
④	Muangthai Capital Public Company Limited	September 2022	promoting financial inclusion of low-income population in Thailand
⑤	Eastern and Southern African Trade and Development Bank (TDB BANK)	December 2023	Support Economic-Base Development in the Eastern and Southern African Region



## (2) Detail of review

### ① Banque Misr SAE “Micro, Small and Medium-sized Enterprises and Women’s Financial Inclusion Support Project” (3<sup>rd</sup> review)

Item	Detail Review
①-1 Consistency between the framework and loan projects	<p><b>【Use of Proceeds】</b>            At the time of the loan agreement, the project had been concluded across all concerned divisions based on the eligibility and exclusion criteria provided in the Framework.</p> <p><b>【Process for Project Evaluation and Selection】</b>            The project is evaluated and selected following the process specified in the Framework and social and environmental risk management.</p> <p><b>【Management of Proceeds】</b>            The borrower confirms their willingness to report its use of proceeds.</p> <p><b>【Reporting】</b>            The KPI of the project’s impact is appropriately determined, and the borrower confirms their willingness to report in writing.</p>
①-2 Consistency between the target projects and SDGs	<div style="display: flex; align-items: flex-start;"> <div style="margin-right: 10px;">  </div> <div> <p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> </div> </div> <div style="display: flex; align-items: flex-start; margin-top: 10px;"> <div style="margin-right: 10px;">  </div> <div> <p>Goal 5: Achieve gender equality and empower all women and girls</p> <p>5.a Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance, and natural resources, in accordance with national laws</p> </div> </div>



Item	Detail Review			
①-3 KPI of individual projects' impact		Baseline (Jun. 2020)	Reporting (Mar. 2024)	Target (Oct. 2023)
	MSME loan balance	40 billion EGP	59.4 billion EGP	63,541 million EGP (Apr. 2026)
	(Within that, loan balance of WMMSME )	4.815 billion EGP	5.8 billion EGP	19,062 million EGP
	Increase in the number of borrowers of MSME loans due to JICA's loan	0 people	618 people [※]	4,589 people
	(Within that, increase in the number of borrowers of WMMSME loans)	0 people	216 people [※]	1,970 people
[*1] The figures represent beneficiaries only under the SMBC and JICA facility.				
①-4 Management of proceeds	A review of the DIR showed that the borrower exhausts the loan proceeds as scheduled, and there is no unallocated funds balance			

② African Export-Import Bank “Support COVID-19 responses in Africa” (1<sup>st</sup> review)

Item	Detail Review
<p>②-1 Consistency between the framework and loan projects</p>	<p><b>【Use of Proceeds】</b> At the time of the loan agreement, the project had been concluded across all concerned divisions based on the eligibility and exclusion criteria provided in the Framework.</p> <p><b>【Process for Project Evaluation and Selection】</b> The project is evaluated and selected following the process specified in the Framework and social and environmental risk management.</p> <p><b>【Management of Proceeds】</b> The borrower confirms their willingness to report its use of proceeds.</p> <p><b>【Reporting】</b> The KPI of the project’s impact is appropriately determined, and the borrower confirms their willingness to report in writing.</p>
<p>②-2 Consistency between the target projects and SDGs</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div data-bbox="488 954 612 1077">  </div> <div data-bbox="635 954 1356 1211"> <p>Goal 3: Ensure healthy lives and promote well-being for all at all ages</p> <p>3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services, and access to safe, effective, quality, and affordable essential medicines and vaccines for all</p> </div> <div data-bbox="488 1263 612 1391">  </div> <div data-bbox="635 1263 1356 1554"> <p>Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and promote innovation</p> <p>9.a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological, and technical support to African countries, least developed countries, landlocked developing countries, and small island developing States</p> </div> </div>



Item	Detail Review			
②-3 KPI of individual projects' impact	Financial Institution 1			
		Baseline (Dec. 2022)	Reporting (Oct. 2024)	Target (2023-2027)
	Number of micro, small, and medium-sized enterprises financed by the Loan	0	198	160
	Total amount of loans to micro, small, and medium enterprises financed by the Loan	0 million USD	80 million USD	80 million USD
	Financial Institution 2			
		Baseline (Dec. 2022)	Reporting (Oct. 2024)	Target (2023-2029)
	Number of micro, small, and medium-sized enterprises financed by the Loan	0	251	160
	Total amount of loans to micro, small, and medium enterprises financed by the Loan	0 million USD	80 million USD	80 million USD
	Financial Institution 3			
		Baseline (Dec. 2022)	Reporting (Oct. 2024)	Target (2023-2027)
	Number of micro, small, and medium-sized enterprises financed by the Loan	0	97	80
	Total amount of loans to micro, small, and medium enterprises financed by the Loan	0 million USD	40 million USD	40 million USD
	② -4 Management of proceeds	A review of the DIR showed that the borrower exhausts the loan proceeds as scheduled, and there is no unallocated funds balance		

③ ACLEDA Bank “Rural Area Agricultural Sector Supporting Project in Cambodia” (2<sup>nd</sup> review)

Item	Detail Review
<p>③-1 Consistency between the framework and loan projects</p>	<p><b>【Use of Proceeds】</b> At the time of the loan agreement, the project had been concluded across all concerned divisions based on the eligibility and exclusion criteria provided in the Framework.</p> <p><b>【Process for Project Evaluation and Selection】</b> The project is evaluated and selected following the process specified in the Framework and social and environmental risk management.</p> <p><b>【Management of Proceeds】</b> The borrower confirms their willingness to report its use of proceeds.</p> <p><b>【Reporting】</b> The KPI of the project’s impact is appropriately determined, and the borrower confirms their willingness to report in writing.</p>
<p>③-2 Consistency between the target projects and SDGs</p>	<div style="display: flex; flex-direction: column;"> <div style="margin-bottom: 10px;">  <p>Goal 1: End poverty in all its forms everywhere</p> </div> <div style="margin-bottom: 10px;"> <p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services, including microfinance</p> </div> <div>  <p>Goal 2: End hunger, achieve improved food security and nutrition and promote sustainable agriculture</p> </div> <div> <p>2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists, and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment</p> </div> </div>




Item	Detail Review			
③-3 KPI of individual projects' impact		Baseline (Mar. 2021)	Reporting (Dec. 2023)	Target (Mar. 2025)
	Outstanding loans to the agricultural sector	0 million USD	50 million USD	50 million USD
	The number of people who received loans	0 people	5,260 people	7,000 people
③-4 Management of proceeds	A review of the DIR showed that the borrower exhausts the loan proceeds as scheduled, and there is no unallocated funds balance			

④ Muangthai Capital Public Company Limited “Project for promoting financial inclusion of low-income population in Thailand” (2<sup>nd</sup> review)

Item	Detail Review
④-1 Consistency between the framework and loan projects	<p><b>【Use of Proceeds】</b>            At the time of the loan agreement, the project had been concluded across all concerned divisions based on the eligibility and exclusion criteria provided in the Framework.</p> <p><b>【Process for Project Evaluation and Selection】</b>            The project is evaluated and selected following the process specified in the Framework and social and environmental risk management.</p> <p><b>【Management of Proceeds】</b>            The borrower confirms their willingness to report its use of proceeds.</p> <p><b>【Reporting】</b>            The KPI of the project’s impact is appropriately determined, and the borrower confirms their willingness to report in writing.</p>
④-2 Consistency between the target projects and SDGs	<div style="display: flex; flex-direction: column;"> <div style="margin-bottom: 10px;">  <p>Goal 1: End poverty in all its forms everywhere</p> </div> <div style="margin-bottom: 10px;"> <p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership, and control over land and other forms of property, inheritance, natural resources, appropriate new technology, and financial services, including microfinance</p> </div> <div>  <p>Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> </div> </div> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p>

Item	Detail Review			
④-3 KPI of individual projects' impact		Baseline (Mar. 2022)	Reporting (Dec. 2023)	Target (Mar. 2025)
	Amount of loans disbursed and originated by Facility B	0 million THB	3,629 million THB	3.37 billion THB
	Agricultural Loan	0 million THB	1,799 million THB	1,666 million THB
	Nano Loan	0 million THB	1.04 billion THB	685 million THB
	Personal Loan	0 million THB	790 million THB	1,018 million THB
	The number of loan contracts who borrow from Facility B	0 people	134,706 people	194,793 people
	Agricultural Loan	0 people	19,602 people	26,569 people
	Nano Loan	0 people	37,661 people	27,128 people
	Personal Loan	0 people	77,443 people	141,096 people
	④ -4 Management of proceeds	A review of the DIR showed that the borrower exhausts the loan proceeds as scheduled, and there is no unallocated funds balance		

⑤ Eastern and Southern African Trade and Development Bank (TDB BANK) “Support Economic-Base Development in the Eastern and Southern African Region” (1<sup>st</sup> review)

Item	Detail Review
<p>⑤-1 Consistency between the framework and loan projects</p>	<p><b>【Use of Proceeds】</b> At the time of the loan agreement, the project had been concluded across all concerned divisions based on the eligibility and exclusion criteria provided in the Framework.</p> <p><b>【Process for Project Evaluation and Selection】</b> The project is evaluated and selected following the process specified in the Framework and social and environmental risk management.</p> <p><b>【Management of Proceeds】</b> The borrower confirms their willingness to report its use of proceeds.</p> <p><b>【Reporting】</b> The KPI of the project’s impact is appropriately determined, and the borrower confirms their willingness to report in writing.</p>
<p>⑤-2 Consistency between the target projects and SDGs</p>	<p> Goal 2: End hunger, achieve improved food security and nutrition, and promote sustainable agriculture</p> <p>2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition, and non-farm employment</p> <p> Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and promote innovation</p> <p>9.b Support domestic technology development, research, and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities</p> <p> Target 17: Strengthen the means of implementation for sustainable development and galvanize global partnerships</p> <p>17.16 Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries</p>

Item	Detail Review			
⑤-3 KPI of individual projects' impact		Reference value (2022/12)	Time of reporting (2024/7)	Target value (2027/12)
	Total loans extended to regional financial institutions for SMEs/microfinance	1.1 billion USD	2 billion USD	1.76 billion USD
	Number of loans to regional financial institutions	26	29	60
	Total financing for domestic agricultural businesses of member countries	1.7 billion USD	2.5 billion USD	1.74 billion USD
	Number of loans to agricultural businesses in member countries	60	64	115
	Total financing to support member countries' sustainable food systems and food security financing portfolios	1.4 billion USD	2 billion USD	1.47 billion USD
	Number of loans to support member countries' financing portfolios for sustainable food systems and food security	47	48	70
	⑤-4 Management of proceeds	A review of the DIR showed that the borrower exhausts the loan proceeds as scheduled, and there is no unallocated funds balance		

## Reference List

No.	Document Name
1	Third-Party Opinion: Sumitomo Mitsui Banking Corporation SMBC-JICA Sustainable Finance Framework (dated 30 march 2021)
2	(For the projects ①②③④⑤) Check-sheet of SMBC-JICA Sustainable Finance Framework (closed document)
3	(For the projects ①②③④) Schedule 8 - Form of Development Effectiveness Monitoring Report, Development Impact Report (closed document)

## About the Japan Research Institute, Limited

### (1) Company Profile

- Name The Japan Research Institute, Limited
- Established February 20, 1969
- Capital 10 billion yen
- Employee 3,258 (As of the end of March 2024)
- Shareholder Japan Research Institute Holdings, Inc.
- Head office Tokyo Head Office: 18-1 Higashi-Gotanda 2-chome, Shinagawa-ku, Tokyo 141-0022, Japan  
Osaka Head Office: 2-4, Tosabori 2-chome, Nishi-ku, Osaka City, Osaka 550-0001, Japan
- Shi-sha Shrine Singapore  
Philippines
- Group Companies  
JAIS, Limited  
JSOL, Inc.  
JRI Europe, Ltd. (London)  
Nisso (Shanghai) Credit System Co., Ltd.
- registration of business  
PRIVACY MARK LICENSE NUMBER: 11820002 (13)

### (2) Expertise as an external reviewer

Since 1999, JRI has been engaged in activities to mainstream ESG considerations in financial activities. It has been involved in developing and managing various ESG-friendly financial products, including loans, bonds, equity, leases, and funds, mainly for financial institutions. It comprises members with diverse experience and expertise related to ESG and SDGs, who propose policy recommendations to the government and institutional design to local governments.

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