



Triple Jump Impact Report 2018

About Triple Jump

Spun off from Oxfam Novib in 2006, Triple Jump is an impact-focused investment manager that provides meaningful and responsible investment opportunities in developing countries. Triple Jump currently manages five investment funds, totaling to EUR 775m in assets under management. We also provide our investees with hands on advisory services to support their development and growth. Our investors include institutional investors, development banks, governments, NGOs, family offices, and retail banks, all of whom seek both financial returns and social and/or environmental impact.

As an organization we believe that opportunities are not spread equally around the world, but talent is. By providing financing and support to companies in developing countries, we aim to empower individuals to improve their quality of life.

Triple Jump's mission is to go where investing capital empowers people and improves lives.

Commitment to responsible investment

Triple Jump is committed to integrating the principles of responsible investment throughout the organization and investment process. Our approach is described in detail in our Responsible Investment Policy, however a summary can be found on pages 42-44 of this report. Underlying our responsible investment approach is the support of and alignment with international standards, including the:



- 1) UN Principles for Responsible Investment
- 2) IFC Performance Standards
- 3) UN Sustainable Development Goals
- 4) Universal Standards for Social Performance Management
- 5) SMART Campaign's Client Protection Principles
- 6) GOGLA Consumer Protection Code
- 7) Universal Declaration of Human Rights
- 8) UN Guiding Principles on Business and Human Rights
- 9) Dutch Principles of Fund Governance

Organization at a glance (June 2018)

HQ	Offices	79	5	EUR 775m
Amsterdam, NL	Georgia, Kenya, Mexico, Peru, Thailand	Professionals	Funds under management	Assets under management

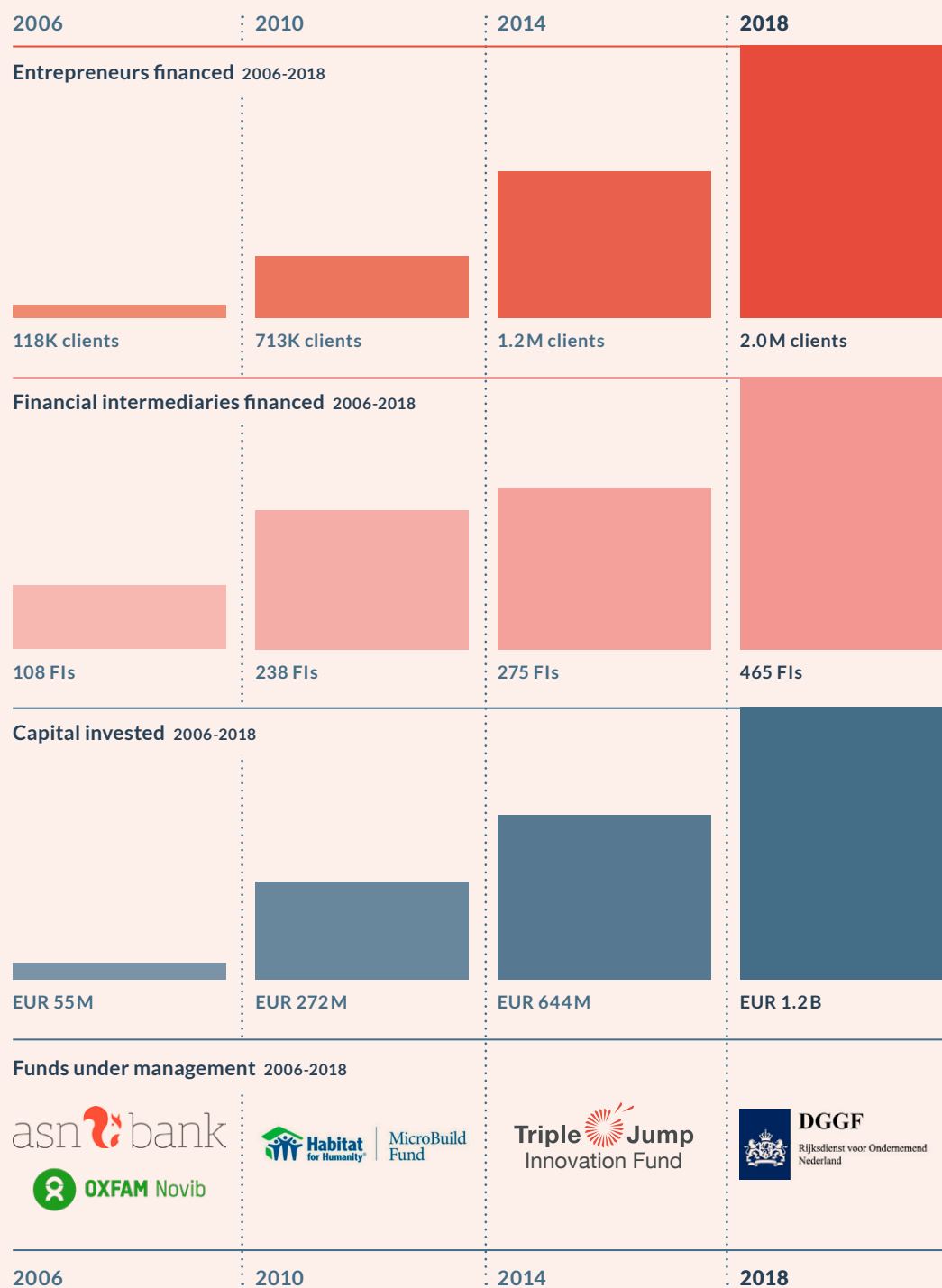


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Investment and impact at a glance

Cumulative since 2006



2.0 mln

Entrepreneurs financed



465

Financial intermediaries financed



1.2 bln

Capital invested EUR



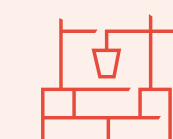
1,319

Financial transactions completed



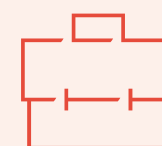
81%

Female clients reached



69%

Rural clients reached



2.2 mln

Jobs supported



170

Technical assistance projects completed



121,649

Housing microfinance clients financed

*All results are as of June 2018, except those related to our SME financing activities, which are as of December 2017.

Foreword

At Triple Jump all of the investments we make aim to generate wider development impacts and act as key enablers for the Social Development Goals (SDG's). In fact, our mission is to empower people and improve lives with all the capital we provide.

In managing this mission, we take an active approach. This means firmly integrating ESG analysis in our investment processes as well as investing in our ability to measure and monitor our impact. That is why I am very pleased to present to you this report that not only links our investment activities to the SDGs but also, for the first time, gives an insight into the cumulative impact footprint Triple Jump has had over the years 2006-2018. Understanding and measuring impact is challenging, but an essential driver for us in providing better accountability and transparency.

As Triple Jump has grown and broadened its universe of investments, our approach and policies have evolved. From initially being purely focused on social performance management, we have matured to a full Responsible Investment approach, integrating broader industry standards such as the IFC performance standards with more specialized standards such as the Universal Standards for Social Performance Management.

With a cumulative direct outreach to 2 million predominantly low income end-clients and more than 2.2 million jobs supported, Triple Jump has had a significant impact footprint. However, we realize that we need step up our efforts to further play our part in attaining the SDGs and will continue to reach out and engage with investors and investees to fulfill our mission.

I hope you will find inspiration in this report to join us in our quest.







Steven Evers
CEO & Managing Director
Triple Jump




“All the investments we make aim to generate wider development impacts.”








Triple Jump's contribution to the Sustainable Development Goals





Triple Jump is committed to tracking and improving its contribution to the UN Sustainable Development Goals (SDGs). Although the actual breadth of our impact spans many more, we can directly and quantitatively link our activities to seven SDGs, which is done by identifying the nine sub-goals that explicitly reference the elements central to inclusive finance. We believe this approach allows us to better operationalize the SDGs and makes us more accountable. All the results are cumulative from January 2006 to June 2018, except for the results related to our SME activities, which cumulate until December 2017 due to reporting cycle constraints. The figures correspond to the share of our investees' outreach that is attributable to Triple Jump, pro-rated according to what percentage our financing represents of their total portfolio.



SDG	Sub-Goal	Target	Triple Jump indicator	2018 Results*
	1.4	Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to financial services, including microfinance.	 Micro-entrepreneurs financed	1,969,027
			 Average loan size to end-borrower	EUR 846
			 Percentage rural clients	69%



SDG	Sub-Goal	Target	Triple Jump indicator	2018 Results*
	4.4	Substantially increase the number of youth who have relevant skills for employment, decent jobs and entrepreneurship.	 SMEs experiencing knowledge transfer	1,081
			 Young entrepreneurs receiving training and knowledge transfer	253

SDG	Sub-Goal	Target	Triple Jump indicator	2018 Results*
	5.a	Undertake reforms to give women equal rights to economic resources, as well as access to financial services.	 Female-owned MSMEs financed	1,604,428
	5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	 Female entrepreneurs receiving knowledge transfer and training	220

SDG	Sub-Goal	Target	Triple Jump indicator	2018 Results*
	7.1	Ensure universal access to affordable, reliable and modern energy services.	 Loan portfolio financing clean energy	EUR 50m

SDG	Sub-Goal	Target	Triple Jump indicator	2018 Results*
	8.3	Promote policies that support decent job creation, entrepreneurship and the growth of MSMEs, including through access to financial services.	 Jobs supported	2,240,356
			 MSMEs financed	1,971,524
	8.10	Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	 Domestic financial institutions supported with TA	170

SDG	Sub-Goal	Target	Triple Jump indicator	2018 Results*
	10.b	Encourage financial flows to States where the need is greatest, in particular least developed countries.	 Assets under management invested in developing countries	EUR 775 m

SDG	Sub-Goal	Target	Triple Jump indicator	2018 Results*
	11.1	Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.	 Housing microfinance clients	121,649

*All results are from June 2018, except those related to our SME financing activities, the data of which come from EOY2017.



Microfinance

Financial access helps families and businesses plan for everything from long-term goals to unexpected emergencies.

Microfinance

An estimated 2 billion working age adults – more than half of the world's total adult population - do not use formal financial services and **73% of the poor are unbanked**. Yet the need of the poor for financial services may be even greater than for wealthier segments of society. Financial access facilitates day-to-day living and helps families and businesses plan for everything from long-term goals to unexpected emergencies. With access to financial services, people are more likely to use credit and insurance, to start and expand businesses, invest in education or health, manage risk, and weather financial shocks. For low income populations, financial inclusion and microfinance are **key enablers** to building a better life. To do so however, it is essential that the financial services be delivered in a responsible and sustainable way.



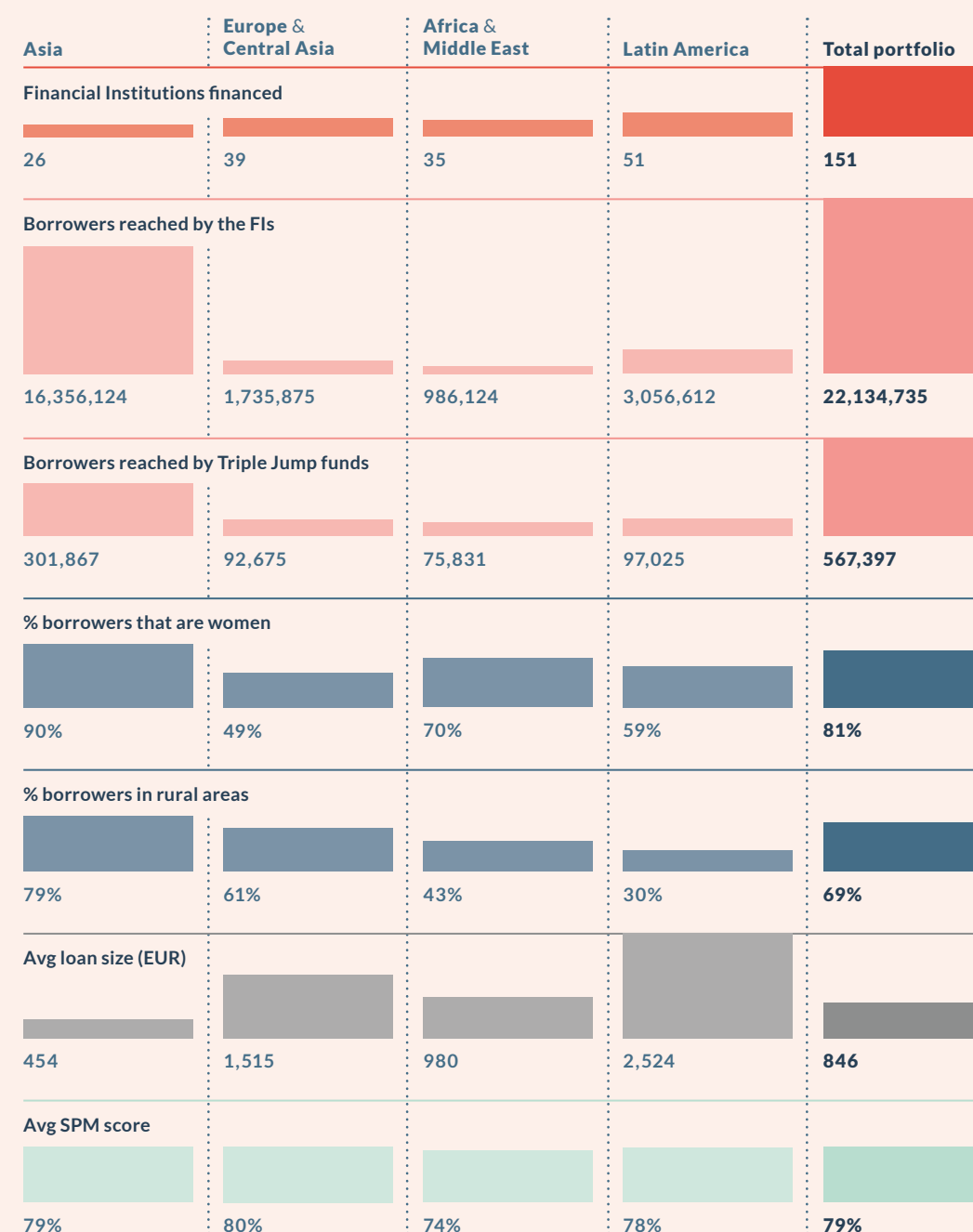
Financial inclusion is positioned prominently as an enabler of the SDGs, where it is featured as a target in eight out of the 17 goals. These include **SDG1** on eradicating poverty, **SDG 2** on ending hunger, achieving food security and promoting sustainable agriculture and **SDG 5** on achieving gender equality and economic empowerment of women.

Triple Jump & microfinance

Since the beginning, Triple Jump has provided capital and technical assistance to financial service providers around the world that target underbanked low-income customers. Through four complementary funds - ASN Microcredit Fund, Oxfam Novib Fund, MicroBuild Fund and Triple Jump Innovation Fund, Triple Jump has completed more than 1,200 debt and equity transactions in the financial inclusion and microfinance sectors, presently financing 151 financial institutions around the world.

Social Performance Management (SPM) is a fundamental part of our approach to investing in the sector in order to ensure that the financial services we support can contribute positively to the social and economic well-being of end-borrowers. Each potential investment is carefully assessed with our social performance scorecard, our executive compensation questionnaire and our interest traffic light. Particular attention is paid to investees' adherence to the Client Protection Principles.

OUTREACH & SOCIAL PERFORMANCE RESULTS of Triple Jump's microfinance portfolio



As of June 2018 Triple Jump's microfinance portfolio is composed of investments in 151 institutions that in turn finance 22 million borrowers. Out of these, an estimated 567,397 borrowers are financed with Triple Jump's funding. 81% of borrowers are women and 69% live in rural areas where formal financial services are typically scarcer. The average

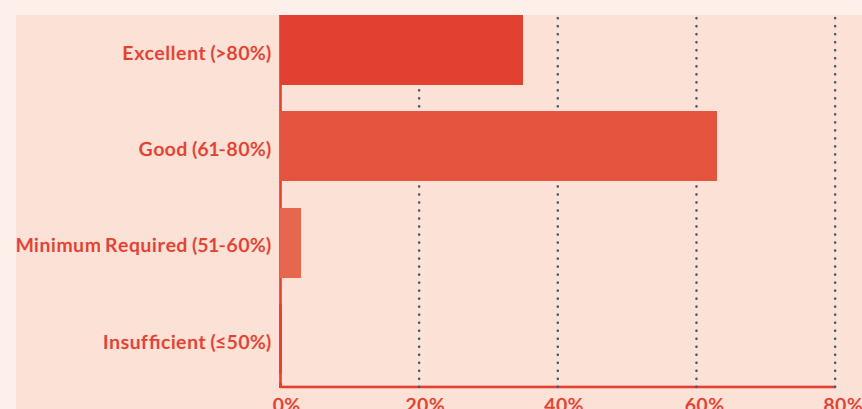
loan to borrowers is EUR 846 but this varies greatly between loan products, institutions and geography. In general, institutions in Asia provide smaller loans, often through the group lending methodology, which explains the larger outreach there compared to Europe and Central Asia, for instance, where the average loan size is higher and the majority are extended as individual loans.

Social performance management

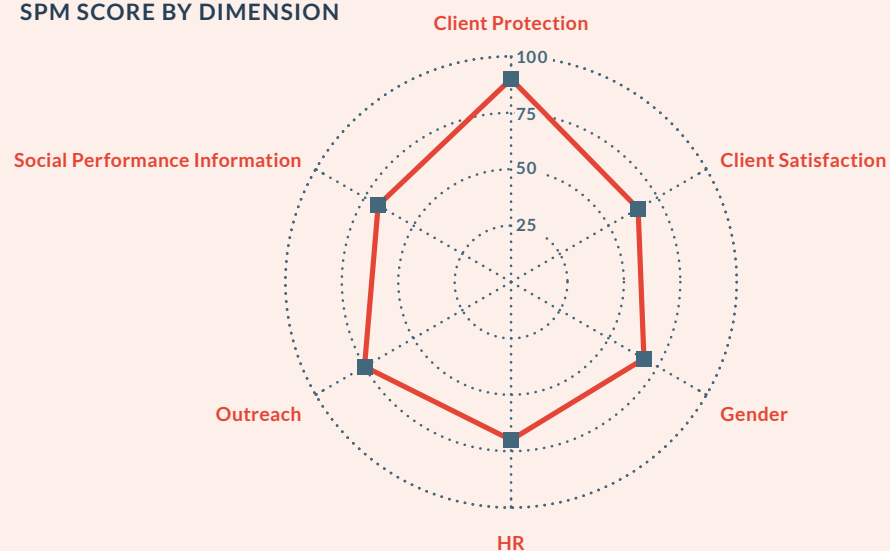
The social performance practices of each of the institutions in the portfolio are thoroughly assessed through our social performance scorecard which is composed of 39 indicators. A third of the institutions score above 80% or “Excellent” and can be considered best practice institutions in terms of social performance

management. 63% of the portfolio score in the range of 61-80% which corresponds to having good social performance practices. As part of Triple Jump’s objective to develop an inclusive financial sector, we also support institutions that do not yet have good practices. While these represent a small percentage of the portfolio, we ensure that these financial institutions have the minimum standards in place and are positioned to improve their practices over time.

DISTRIBUTION OF SPM SCORES



SPM SCORE BY DIMENSION



avg. score
87%

Client Protection

Institutions’ implementation of adequate client protection practices is essential to ensure

that vulnerable clients are not harmed. The appropriateness of products and services, prevention of over-indebtedness, responsible and transparent pricing, and the fair and respectful treatment of clients are the most important elements that we assess within the dimension of client protection. 92% of the institutions we finance have formally endorsed the SMART Campaign on client protection. Five of them have done so in the past two years following our recommendation and two have gone through a client protection self-assessment questionnaire to identify and work on improvements. We have also engaged with an institution to review its pricing policy and change its interest rates from flat to declining and have requested some institutions to add child labor to their exclusion list.

avg. score
63%

Client Satisfaction

75% of the institutions in the portfolio conduct client satisfaction surveys on a regular

basis. A third offer comprehensive non-financial services such as financial education or advice on agriculture, health or housing construction. This explains why the score in this area is the lowest. The majority of our investees chose to focus on their core activity – offering financial services.

avg. score
65%

Gender

Reaching out to women borrowers is important, as it has been shown that the benefits generated by loans taken out by women are typically reinvested into the well-being of the household. Women represent 81% of all individual borrowers reached and close to 90% of institutions in our portfolio have policies in place to ensure that women clients and staff are not discriminated against.

avg. score
70%

HR

Triple Jump ensures that the institutions we finance treat their employees fairly. As part

of our analysis, we look at staff turnover and compare the level of salaries and type of benefits provided to staff with national sector averages and minimum living wages. For sensitive cases, we study policies on working conditions including expected working hours and employees’ rights concerning overtime pay.

avg. score
74%

Outreach

Through the financing of 151 financial intermediaries, Triple Jump is reaching out to 22 million

individual borrowers. Of these 69% are in rural areas where access to standard financial services is more difficult. The average outstanding loan size to end borrowers is EUR 846. About half of the institutions in our portfolio have an average loan size equivalent to less than 60% of national GDP per capita suggesting a significant share of the portfolio is dedicated to lending to poorer clients.

avg. score
64%

Social Performance Information

This dimension measures the institution’s ability to measure

and monitor its progress towards its social objectives. In general, this is an area where the sector still needs to improve by strengthening their ability to measure client-level outcomes and integrate this information in product development and strategic planning. During the past years, more institutions are realizing the importance of measuring outcomes. As part of a recent survey we conducted on 84 institutions in our portfolio, 80% reported measuring client outcomes in some form or another. Most respondents gather quantitative outcome data from clients or collect qualitative information such as client stories. 24% reported using third party impact evaluations. The vast majority (82%) indicated their willingness to strengthen their outcome measurement capacity but only 10% have already received third party support or technical assistance to do so.



40 co-founding signatories reunited in June 2018 in Amsterdam to launch the Guidelines on Responsible Digital Financial Services. Copyright @Inthepicture

Investing in responsible digital financial services

Innovations in digital technology have created new and exciting opportunities to reach unbanked and underbanked low-income customers in emerging markets. Mobile wallets and mobile money transfers, peer-to-peer lending platforms, pay-as-you-go asset finance and digital micro-credit are examples of recent innovations that are reaching hundreds of millions of consumers and small businesses. These innovations are radically changing the financial services landscape around the globe.

While the opportunities have increased, so have the risks surrounding digital financial services. An example is the rapid growth of digital lending products, some of which carry risks of overpricing and over-lending to customers. Recognizing that the old rules are being rewritten, Triple Jump joined 40 leading organizations to develop and endorse a set of guidelines for investors who are interested in funding inclusive digital financial services in a responsible way.

The resulting Guidelines on Responsible Digital Financial Services comprise 10 touchpoints that investors and their fintech investees can use to evaluate opportunities, mitigate risks and contribute to a more responsible and inclusive digital finance ecosystem. Following the launch of the guidelines, Triple Jump developed and integrated in its investment process a set of 35 due diligence questions that are applied to potential digital finance and fintech investments. In-line with the guidelines, these questions focus on promoting fair and transparent pricing and better disclosure of terms and conditions for customers, preventing over-indebtedness, increasing financial literacy and establishing customer identity, data privacy and security standards. Currently, Triple Jump's portfolio of digital lenders counts five investments.

More information on the Guidelines can be found at www.responsiblefinanceforum.org.

Digital technology is radically changing the financial services landscape.

Financing small holder farmers in Kenya

Triple Jump investment (EUR)
2.8m

Investee since
06/2017

Funds
Triple Jump Innovation Fund
Oxfam Novib Fund

Musoni Microfinance Kenya

In June 2017, Triple Jump completed an investment in Musoni Microfinance through the Oxfam Novib Fund (ONF). Founded in 2010, Musoni is the first MFI to be 100% cashless and leverages innovative technology to provide financial services to micro-entrepreneurs and small-holder farmers in Kenya.

Musoni delivers financial services to its clients through three core financial products in group lending, individual loans, and agricultural loans. Loan officers capture client data on tablets in the field, which is directly recorded into the core banking system and is fully integrated with mobile banking.

In the context of Kenya's dynamic financial sector, responsible lending practices are paramount to protect clients from the risk of over-indebtedness. In recent years, Musoni has focused on further integrating social performance management and provides financial literacy programs to help clients enhance their financial competence. Its credit methodology includes financial analysis for all clients, credit bureau checks and limiting the number of parallel loans.

Since 2010, Musoni has disbursed over 260,000 business and agribusiness loans worth \$86 million across 25 locations in 12 counties of Kenya. Over 68% of the agribusiness loans are to women small-holder farmers, which are an explicit target group for both Musoni and the Oxfam Novib Fund.



With funding from Triple Jump, Musoni increased its financing of clients in rural areas using its flexible agriculture loan product called Kilimo Booster that targets small holder farmers.

A stitching enterprise that connects the Harbanspura Community

Triple Jump investment (EUR)

2.6m

Investee since

12/2016

Funds

Triple Jump Innovation Fund
ASN Microfinance Pool

KASHF Foundation Pakistan

Nasreen Mian shares a house with 15 family members in the town

of Harbanspura, Pakistan. With so many mouths to feed, clothe, educate and care for, being unemployed was not an option for her. Rising expenses and uncertainty of the future compelled her to take matters into her own hands and start a stitching business.

Previously, Nasreen and her husband would struggle to meet their daily expenses but after putting her talent to use, she was able to successfully bring several changes to her household. With an initial loan of RS.20,000 (EUR 140) from Kashf Foundation, she bought a sewing machine that generated some income. Over the years, she applied for more loans and has gone from earning nothing to now being financially independent.

Nasreen is confident that her business will expand and further improve the circumstances of her home.

Kashf's loan not only provided Nasreen the confidence to become an entrepreneur, a thought she had never before dreamed of due to severe financial constraints, but this loan has pulled her family out of the clutches of poverty. Since becoming a recipient of the loan, she has wed two of her sons, trained her daughters and four other girls in the community on how to stitch, provide better nourishment for her children and gained respect in the community. Nasreen, like many other Kashf clients, may still have a long way to go but is on the right track.

Triple Jump has financed Kashf Foundation since 2016 through the ASN Microcredit Pool and the Triple Jump Innovation Fund.



Nasreen, a client of Kashf Foundation, has used micro-financing to help set up her own stitching business and incrementally lift her family out of poverty.



SEF's loan officers use tablets during the loan application process.

Advisory services to further the financial inclusion frontier

Through Triple Jump Advisory Services (TJAS), Triple Jump re-invests a portion of its earnings and funds received from donors into technical assistance projects to financial institutions, with the objective of contributing to building responsible and inclusive financial markets. Since its start in 2006, TJAS has implemented more than 170 projects in 29 countries. TJAS specializes in three main areas: opening up new markets, digital transformation and impact.

In South Africa, TJAS is helping SEF - a large microfinance institution whose core business is group lending - to leverage technology for more efficiency. The project supports the piloting of the use of digital tablets by field staff during the loan application process. By moving to a digital application, SEF is able to provide better and faster service to client in more rural and remote areas of South Africa.

In Zambia, TJAS is supporting Vision Fund Zambia to develop a loan product especially designed for savings groups formed under partner programs of World Vision and World Food Programme-DAPP. The linkage loan product increases the loan capital that rural savings groups can lend to their members, thus helping them to grow their micro enterprises faster. The project demonstrated the effectiveness of such loans in reaching these rural, often remote savings groups. To date 440 savings group members have gained access to these loans and the VF Zambia is evaluating the full roll-out of the product.

Since its start in 2006, TJAS has implemented more than 170 projects in 29 countries.

More information about TJAS can be found at triplejump.eu/triple-jump-advisory-services.



SME finance

SMEs hold the greatest potential to provide income and job security to individuals in developing countries.

Although the incredible economic growth experienced in the past decades has lifted millions out of poverty, close to **2.4 billion people** in the world are still either unemployed or have vulnerable employment, making it challenging for them to improve their lives and contribute to their countries' economies. In the past decade, increased attention has been paid to the potential for small and medium enterprises (SMEs) in helping solve this issue. Already responsible for nearly half the jobs in the developing world, SMEs hold the greatest potential to provide income and job security to individuals in these countries.

Unfortunately, SMEs systematically experience difficulties in accessing the finance that would enable them to grow their business and increase their social impact. Labeled as the '**missing middle**', SMEs are seen as too large for typical microfinancing but too small and risky for commercial banks. Unlocking this untapped potential is a core objective for impact investors.



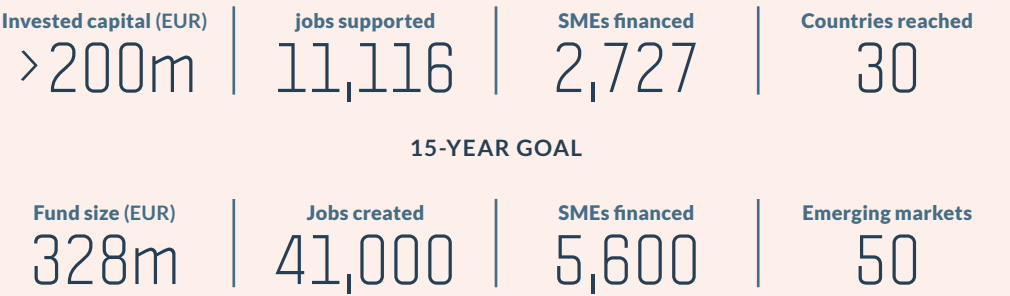
SME financing in emerging markets is generally associated with tackling **SDG 8** and **10**, related to economic growth and income equality. However, such activities also pay special attention to financing and expanding the business skills of underserved groups, such as female and youth entrepreneurs. This addresses **SDG 4** (Inclusive Education) and **5** (Gender Equality).

Triple Jump & SME financing

Triple Jump manages Track 2 of the Dutch Good Growth Fund (DGGF) on behalf of the Dutch Ministry of Foreign Affairs. Since its launch in 2014 to the end of 2017, DGGF has committed EUR 193m in capital to 25 funds with a footprint in 30 countries. The goal of the EUR 328m fund is to create 41,000 jobs through the financing of 5,600 SMEs in 50 emerging markets, with a particular focus on the underserved target groups of female and young entrepreneurs and entrepreneurs in fragile states. DGGF does this by investing in financial intermediaries that provide equity, mezzanine and debt finance to SMEs.

Two other concepts that are central to the fund's impact thesis are additionality and catalyzing effects. These refer to the goal of supporting funds that have a critical need for DGGF funding and financing SMEs that are in underserved markets. The cornerstone role played by DGGF then leads to catalyzing others to invest and ultimately demonstrating the viability of investing in these markets. On these qualitative dimensions, DGGF implements a proprietary scoring system with which we measure our performance.

DGGF has another EUR 40m available for its Seed Capital and Business Development (SCBD) program, which strengthens the impact of the fund by supporting very early stage SME finance initiatives, providing tailored technical assistance, developing and sharing knowledge, and supporting ecosystem development programs.



IMPACT RESULTS	2015	2016	2017
Outreach			
Intermediary funds (IFs) financed by DGGF	7	12	25
SMEs financed by IFs	265	657	2,727
Countries reached	11	20	30
Development relevance			
Jobs supported by IFs	12,318	21,931	36,388
Jobs supported attributable to DGGF*	2,618	4,938	11,116
Jobs created by IFs	3,713	6,854	10,930
Jobs created attributable to DGGF	412	1,162	1,739
Average annual revenue growth of SMEs	16%	n/a	43%
% of SMEs receiving knowledge transfer	73%	57%	55%
% of capital invested going to female-owned SMEs	18%	17%	19%
% of capital invested going to youth-owned SMEs	11%	20%	23%
% of capital invested going to SMEs based in fragile countries	0%	7%	13%
Additionality			
Need for DGGF funding (score)	68%	82%	75%
Underserved Markets (score)	86%	83%	86%
Innovation (score)	32%	37%	31%
Catalysing effect			
Leverage (capital raised by with or after DGGF / DGGF investment)	n/a	3,0	3,8
Cornerstone role (score)	50%	58%	54%
Demonstration effect (score)	79%	71%	71%

*The number of jobs that DGGF supports is a subset of the total number, based on proportion that DGGF's investment represents of the total IF size.

By the end of 2017, DGGF, through investments in 25 IFs, had cumulatively financed 2,727 SMEs in 30 countries and contributed to creating 10,930 new jobs of which 1,739 jobs are directly attributable to DGGF. Out of the total capital invested in SMEs, 55% went to SMEs that have experienced significant knowledge transfer related to the DGGF investment, 19% to SMEs that are female-owned, 23% to SMEs that are youth-owned (<35 years old), and 13% to SMEs based in fragile countries. DGGF is performing on track relative to its targets with regard to the qualitative dimensions of Additionality and Catalyzing effect.

Accelerating youth entrepreneurs in North Africa and the Middle East

DGGF investment (EUR)

7m

Exp. impact

111

SMEs (80% youth)

Additionality

75%

Sawari North Africa Fund
Egypt, Tunisia, Morocco

With a youth unemployment rate of 34%, Egyptian youth, considered some of the most educated and entrepreneurial in the

region, find themselves with few opportunities for advancement and many have resorted to emigrating. Private capital flow into the country, although slowly recovering from the Arab Spring in 2011, has yet to seriously pick up.

In early 2017, Sawari Ventures, an Egyptian venture capital firm, approached DGGF for investment into its first fund - Sawari Ventures North Africa Fund - that would target early-stage technology startups. Although the technology sector is not a typical sector for DGGF to invest in, Sawari's VC model in

Egypt presented a unique opportunity to support young entrepreneurs. The Fund was started in late 2018 after extensive collaboration with DGGF, particularly in helping establish its multi-country legal structure.

Over the life of the fund, Sawari will nurture home-grown North African talent via direct investments and through its sister accelerator, Flat6Labs. Flat6Labs provides seed stage funding to cover early expenses as entrepreneurs refine their ideas, and support to catalyze additional funding and to engage early customers. The lab's offer also includes mentorship, legal support, networking, and office space. Since 2011, Flat6Labs has invested in 54 startups and is currently exploring expansion in other countries in the region.



Sawari, through its Flat6Labs accelerator, provides all the support that the next generation of Egyptian entrepreneurs needs.

Djeka Pharmaco: An SME success story

DGGF investment (EUR)

210k

(via Grofin SGB)

Impact so far

36

Jobs supported

Outreach

50%

Female employment

Djeka Pharmaco
Ivory Coast

Headquartered in Abidjan, Djeka Pharmaco is the first local company

to begin producing and distributing bio-medicinal plant-based functional foods in Ivory Coast. The company was founded in 2007 by Arthur Gnagne, an Ivorian academic researcher and ethno-pharmacologist. With limited means, the company started its operations by manufacturing 250 bottles in 2008 and now produces more than 300,000 bottles a year.

Through the provision of its bio-medicinal products, Djeka has been able to bring relief to people suffering from a range of metabolic diseases who previously could not easily find treatment. On the supply side, as well, the company benefits local wholesalers from the

base of the pyramid, as it purchases its main inputs (e.g. brown sugar and iodized salt) from outlets in Abengourou and Boundiali managed by various women associations.

In 2017, Djeka received funding from GroFin SGB Fund, which is a DGGF investee that provides mezzanine financing to SMEs in Africa. Djeka used this funding to acquire new equipment, to upgrade its electrical fittings, and finance its working capital. In addition, GroFin has encouraged compliance with Occupational Health & Safety practices and has helped develop an Environmental, Health & Safety (EH&S) action plan to address risks, such as waste water contamination and waste recycling. Altogether, GroFin's finance and support currently sustains 36 jobs at Djeka, 50% of which are held by women.



Djeka Pharmaco employs 36 people, half of which are women.

Building the case for women entrepreneurship incubators in Togo

DGGF grant (EUR)

250k

Exp. Impact

150

Female entrepreneurs
(<35 years old)

Innov'Up Togo

In Togo, women represent about 46% of the formal economy, but in the informal sector their contribution soars to over 70%. As revealed by the DGGF-commissioned study #ClosingTheGap Togo, the entrepreneurial ecosystem is still nascent, with a scarcity of financial and non-financial services available to local entrepreneurs. Recognizing these challenges, Innov'Up, the first business incubator in the country, was set up in 2016 by the Federation of Business Women and Entrepreneurs of Togo (FEFA TOGO) with the mission of supporting female entrepreneurs in formalizing and growing their businesses. This includes pre-incubation as well as physical and virtual incubation services, training, networking, access to finance facilitation, entrepreneurship promotion and jointly tackling the structural challenges facing women entrepreneurs in Togo.

Despite an undeniable drive, however, Innov'Up initially struggled to reach operational sustainability, with little in-country support and limited awareness about other models to learn from.

Given the economic and social potential of the informal sector in Togo, DGGF recognized that building a value-adding incubation service brings a genuine opportunity to empower women and strengthen the economy. In December 2017, DGGF stepped in through its SCBD facility. This support includes technical assistance and operational support, which together equate to roughly a EUR 250k grant over three years. The overall goal of SCBD intervention is to contribute to developing an ecosystem more conducive to local women entrepreneurs and help formalize their critical contribution to the Togolese economy.



With the help of DGGF's Seed Capital and Business Development facility, Innov'Up is working to address the structural challenges facing female entrepreneurs in Togo.

Being 'Additional': The case for Afghanistan

DGGF investment (EUR)

6m

Exp. Impact

320

Jobs created

Additionality

100%

InFrontier AF Fund Afghanistan

Central to DGGF's purpose is the concept of additionality. As a government-mandated fund, DGGF aims to catalyze underserved financial sectors, which entails investing in financial intermediaries that are deemed too risky for mainstream players. By doing so, DGGF de-risks funds and demonstrates the viability of innovative models in high risk settings. This cannot be exemplified more than with InFrontier AF Fund, which launched in 2016 with the aim of investing in local SMEs in Afghanistan.

Given the Afghani context – the on-going conflict, threat of terrorist attacks, and struggling economy – InFrontier took almost four years

to launch, as much of the market doubted the feasibility of successfully investing in such a country. Ultimately, the fund was financed entirely by risk-tolerant and impact-minded investors like DGGF, where DGGF was part of the first close with one other Limited Partner. DGGF also aided in getting further investor commitment for the subsequent fundraising rounds. Having successfully launched, InFrontier represents the first ever private equity fund investing in local SMEs, in a country that has seen little foreign investment in the past decades. On 1 September 2018, InFrontier made its first investment: EUR 4m into the Insurance Corporation of Afghanistan (ICA), a provider of life insurance and corporate terrorism coverage.



InFrontier is Afghanistan's first private equity fund investing in local SMEs.

Interview with InFrontier's CEO: Felix von Schubert

INFRONTIER / Afghanistan

What was your motivation for investing in emerging markets and Afghanistan in particular?

"The founders of InFrontier (Benj Conway and I) wanted to show that commercial investments in frontier markets are possible and contribute in a sustainable way to the economic development of some of the poorest countries. To document the success of our investment work, InFrontier not only measures financial metrics of our investments but has developed the concept of **'Whole Sector Impact'** – measuring impact across the entire sector of a single company investment.

Afghanistan suffers from a lot of negative PR but investors benefit from some of most modern investment regulations, free movement of capital and a young generation of entrepreneurs, many of which have been educated abroad. It also helps that we are the only international commercial investor active in the country."

"DGGF came into the first closing of the Fund which was instrumental to get the Fund up and running."

What are some of the challenges in raising such a fund?

"Raising a fund for Afghanistan and similar countries is incredibly challenging due to a lot of negative preconceptions. It did help that we were able to show a successful track record of deal by deal investments in Afghanistan prior to raising the fund. DGGF came into the first closing of the fund which was instrumental to get the fund up and running and then supported us in getting further investor commitment for the final closing."

What are the challenges that SMEs face in the country?

"One of the key challenges that most companies in Afghanistan face is the difficulty in reaching out to international clients and partners. As InFrontier is very much a local investor with a strong team based in Kabul, but also an international partner with an office in London, we can help companies in creating links to customers, suppliers, banking partners etc. outside of Afghanistan – further supporting the internationalisation of the economy, which is one of our **'Whole Sector Impact'** indicators. We are also building a strong network in Afghanistan's neighbouring countries to support our portfolio companies in their regional expansion."



Felix von Schubert has 20 years of private equity, technology investment and operating experience, and is the co-founder of **InFrontier**, a specialist investment company, active in post-conflict regions.

Housing

A safe and solid home to live in provides the security and stability that are essential to empower families to invest in their future.

Housing

Low income family access to housing is a critical development challenge in most countries around the globe. A safe and solid home to live in provides the security and stability that are essential to empower families to invest in their future. Currently, two-thirds of the world's emerging countries populations live in substandard shelter. By 2030, it is estimated that the number of people lacking proper shelter will have more than doubled, from 1.2 billion today to 3 billion. These families do not have access to formal sector housing options, such as traditional mortgage products or developer built housing. Instead, they typically construct their homes incrementally, building section by section as their families grow and as their limited finances allow. Housing microfinance helps address this critical development challenge by empowering people to build better, more durable homes through a combination of capital and housing support services.



Having improved shelter has an important impact on security, health and education. Housing microfinance thus directly contributes to **SDG 11.1**, which is to ensure access for all to adequate, safe and affordable housing and basic services and upgrade slum. It also indirectly addresses **SDG 6.2**, which aims to provide access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.

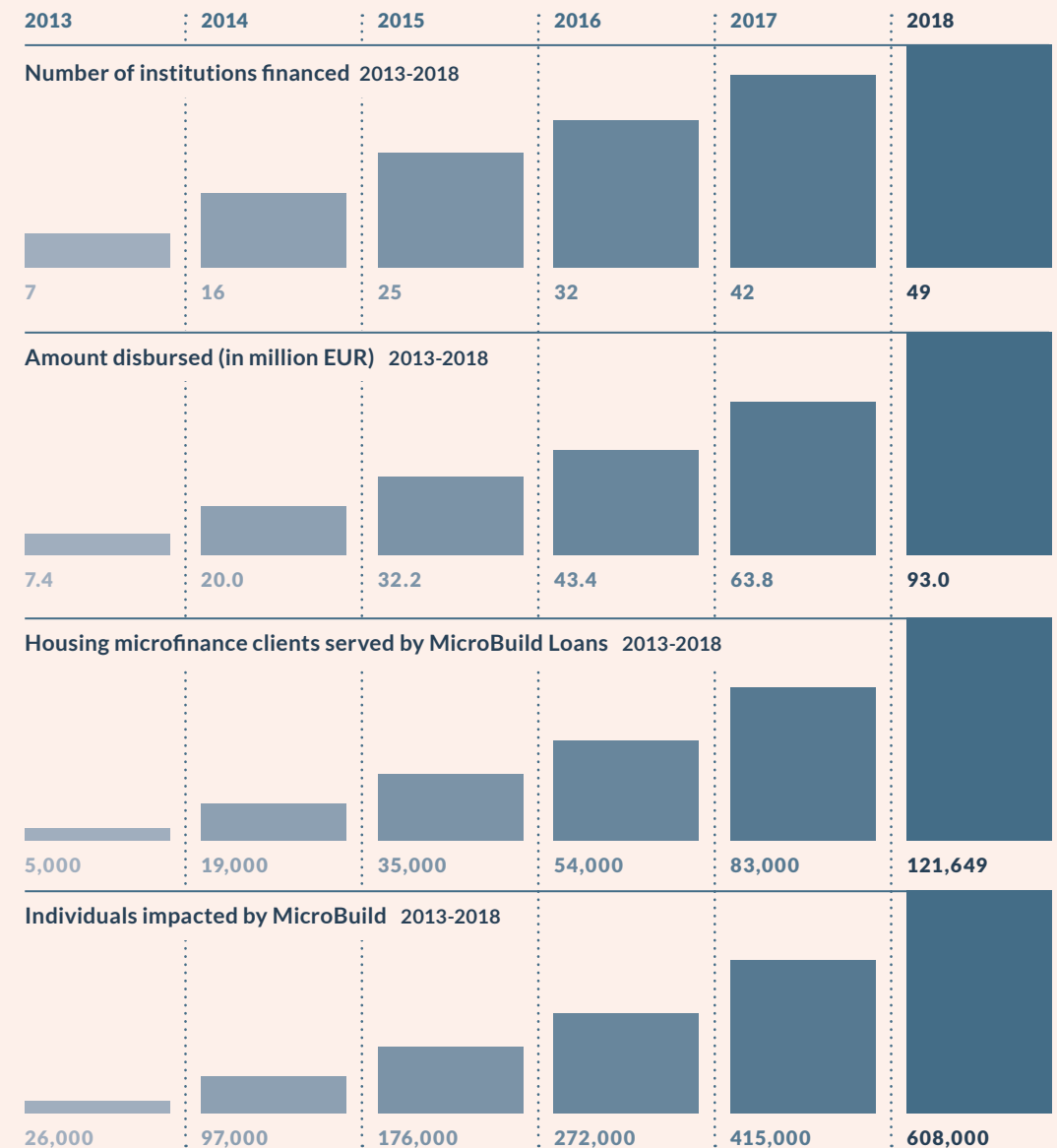
Triple Jump & housing

The MicroBuild Fund was jointly established by Habitat for Humanity International and Triple Jump in 2012 to fill a key gap in financial inclusion: the gap between housing finance and microfinance institutions. Typically, the size and length of the loan needed for housing upgrades is too large to be serviced by microfinance institutions, and the loans cannot be secured by group lending dynamics. And for housing finance institutions, the loans are considered too small and high risk, as they are often provided to families with no formal income sources. The MicroBuild Fund is changing that. It provides higher risk debt to financial institutions, and features a technical assistance program that helps the financial institution prepare for and manage the larger housing improvement loans.

One key aspect of the technical assistance program is that it seeks to ensure that the families receiving the loans better understand and improve their own property rights.

By 2026, MicroBuild aims to improve shelter for 600,000 individuals and, through demonstration effects, to catalyze microfinance institutions to expand their housing portfolio from 2% to 10% of their total loan portfolio, equivalent to EUR 3 billion in capital allocated to housing finance.

OVERVIEW OF MICROBUILD'S five-year growth



Since its inception, the MicroBuild Fund has financed 49 institutions in 30 countries, including five new countries in fiscal year 2018. The capital and technical assistance provided has helped an estimated 121,000 households, or 608,000 individuals, improve their housing conditions.

Beyond these direct results, the fund generates demonstration effects and contributes to increasing the housing microfinance portfolio

of its investees, which has been growing with a leverage factor of about three over MicroBuild's investments, or a total of EUR 279 million since the fund's inception.

MicroBuild recently received two awards: the 2017 Classy Award and the 2016 OPIC Impact Award, both recognizing MicroBuild for leading a successful program that positively impacts access to finance.

Scaling up housing microfinance

Triple Jump investment (EUR)

2.6m

Housing

6,000

Microfinance borrowers

Funds

Microbuild Fund
Triple Jump Innovation Fund
Oxfam Novib Fund

Fundenuse Nicaragua

In Nicaragua, 900,000 people, or 15% of the total population, lack adequate housing. This unmet

demand has fueled significant expansion in the Nicaraguan microfinance sector to offer housing loans. From 2012 to 2016, housing microfinance products grew 31% year-on-year, despite government regulation to limit credit supply to salaried families and those receiving remittances.

One Nicaraguan microfinance institution that has seen significant growth in its housing portfolio is Fundenuse. Launched in 2010, Fundenuse's housing credit product now represents 26% of its total portfolio or EUR 5.6m in loans outstanding and serves 6,000 clients at an average loan size of EUR 940 per client.

To help scale the housing microfinance product, MicroBuild invested EUR 900,000 into Fundenuse's housing loan product in 2015. The housing loans help low-income families finance

progressive housing construction, land tenure and home purchasing.

Marlon (pictured) is one of many that have benefited from a housing microfinance loan from Fundenuse. He lives in Ocotal, Nicaragua, with his wife, Iris, and their 7-year-old daughter, Itza. Before receiving financing, Marlon's family used a latrine and showered with a bucket outdoors. Hearing about the opportunity to improve his sanitation, Marlon went directly to Fundenuse because it was the only microfinance institution providing credit for sewage catchment tanks. The loan enabled the family to build a full bathroom with locally made adobe blocks.

"Having a new bathroom had a great impact for our daughter," Marlon says. "Now she is not scared of going to the latrine [when] it is dark." Since building their bathroom, the family has had more safety and privacy when taking a shower, he says.



"Having a new bathroom had a great impact for our daughter," Marlon says. "Now she is not scared of going to the latrine [when] it is dark."

Sustainable energy

Access to affordable, reliable and modern energy services is a crucial prerequisite to bringing people out of poverty.

Sustainable energy

Globally there are more than one billion people not connected to the grid and another billion with unreliable connections. As stated in SDG 7.1, access to affordable, reliable and modern energy services is a universal right, and a crucial prerequisite to bringing people out of poverty. Historically, however, extending the grid to reach the unconnected has proven to be an unrealistic or unsustainable solution.

Recently, decreasing costs of stand-alone power solutions have demonstrated their ability to fill this gap and help reach universal access to all. Innovative new business models and solutions have proven that, with the support of the investment community, it is possible for companies to reach the previously unreachable.



Although gaining access to energy is the foremost goal in this theme, a number of other SDGs are impacted as a result of **SDG 7**. This includes “Quality Education” and “Economic Growth” (4 and 8), as households are able to use their time more productively and “Good Health and Well-Being” (3) and “Climate Action” (13), as fewer emissions pollute the home and the planet.

Triple Jump & sustainable energy

Although we have yet to fully scale our efforts in this theme, around 15 financial institutions in our portfolio already offer sustainable energy solutions, including Credisol (Honduras), Fundenuse (Nicaragua), MiCredito (Nicaragua) and Optima (El Salvador).

Such institutions offer credit specifically for the purchase of renewable energy or energy efficiency technology, often partnering with panel providers to ensure affordability and the provision of after-sales services. Though generally remaining minor portions of such institutions’ overall loan portfolios, they are important enablers in promoting access to clean and affordable energy to those at the base of the pyramid.

Results

- › 15 financial intermediaries with significant loan portfolios in clean energy.
- › Totalling around EUR 50m worth of loans
- › Triple Jump investment into these institutions: EUR 63m

Innovation in the off-grid energy space

DGGF investment (EUR)

350k

(through Grofin SGB)

2017 sales (EUR)

540k

Botto Solar Kenya

Botto Solar is a manufacturer of clean and efficient energy appliances in Nakuru, Kenya.

Established in 1981 by Ephraim and Edith Botto, the business started by selling small scale solar installations and has now grown to 39 people, selling a variety of energy products all over Kenya, but specializing in offgrid clientele. This specialization has even brought the company to the Dadaab refugee camp, where Botto supplies large scale cooking facilities that makes feeding the fast growing camp quicker and cheaper. Its innovative product offering currently includes a range of solar panel systems, solar hot water heaters, household electronics that are solar-compatible, energy efficient stoves, efficient hot water systems, and

solar street lights. In 2017, the company made sales totaling EUR 540k.

Triple Jump is involved with Botto Solar through DGGF’s investment in GroFin SGB, a fund that invests in small and growing businesses throughout Africa. The partnership between GroFin and Botto Solar first began in 2010 when GroFin provided the SME with a loan to grow its operations, at a time when banks were demanding too much collateral from Botto than was possible. Beyond growing the business, the partnership has since allowed the company to rebuild stock that was lost in a fire, implement a new accounting system, and improve its marketing and product development strategy.



Botto Solar, an SME in DGGF’s portfolio, supplies clean energy and energy efficient products to off-grid clients in Kenya, including the Dadaab refugee camp.

Microfinance enabling access to energy

Triple Jump investment (EUR)

1.5m

Funds

Triple Jump Innovation Fund
Oxfam Novib Fund

Credisol Honduras

Credisol, based in Honduras, is one of a growing number of financial institutions (FIs) that are beginning to address sustainable energy issues. Credisol's 'green' portfolio consists of a range of financing options related to clean energy and energy efficiency, such as the financing of solar panels and energy efficient cookstoves. By offering such options, FIs like Credisol are enabling access to products that would normally require high upfront costs for individuals at the base of the pyramid. As there is a concrete asset that acts as the collateral, interest rates are typically lower and tenors longer than normal for microfinance.

Besides the positive environmental effects of minimizing energy use and emissions, such

products can represent cost-effective alternatives that replace or minimize the use of fossil fuels like kerosene, which have proven to be detrimental to health when used indoors. Studies have also shown that improved electrification, particularly in off-grid settings, can improve the productivity of household enterprises thereby contributing to improvements in living standards.

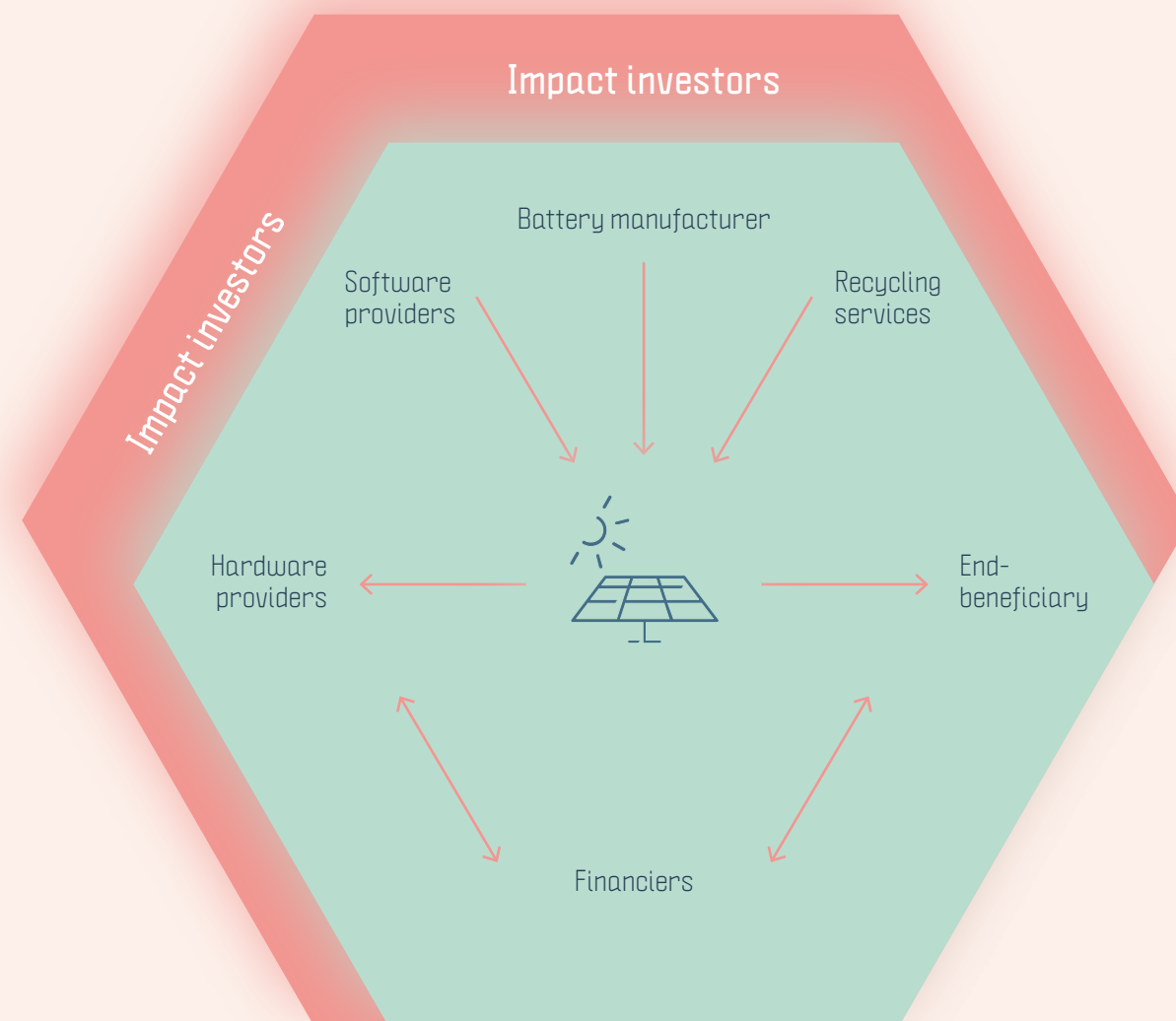
Worldwide approximately 1.1 billion people still lack access to electricity. Credisol's efforts, though currently a minor portion of its portfolio, is helping bridge this gap. The institution has been a Triple Jump partner since 2012 through the Oxfam Novib and Triple Jump Innovation funds. Overall it serves over 15,000 micro-entrepreneurs, 80% of which are in rural areas.



Without access to the electricity grid, the **Vincente Caceres School** in the Guanchiacerro community purchased a solar panel with a loan from Credisol, to power air conditioning and an audio/video system.

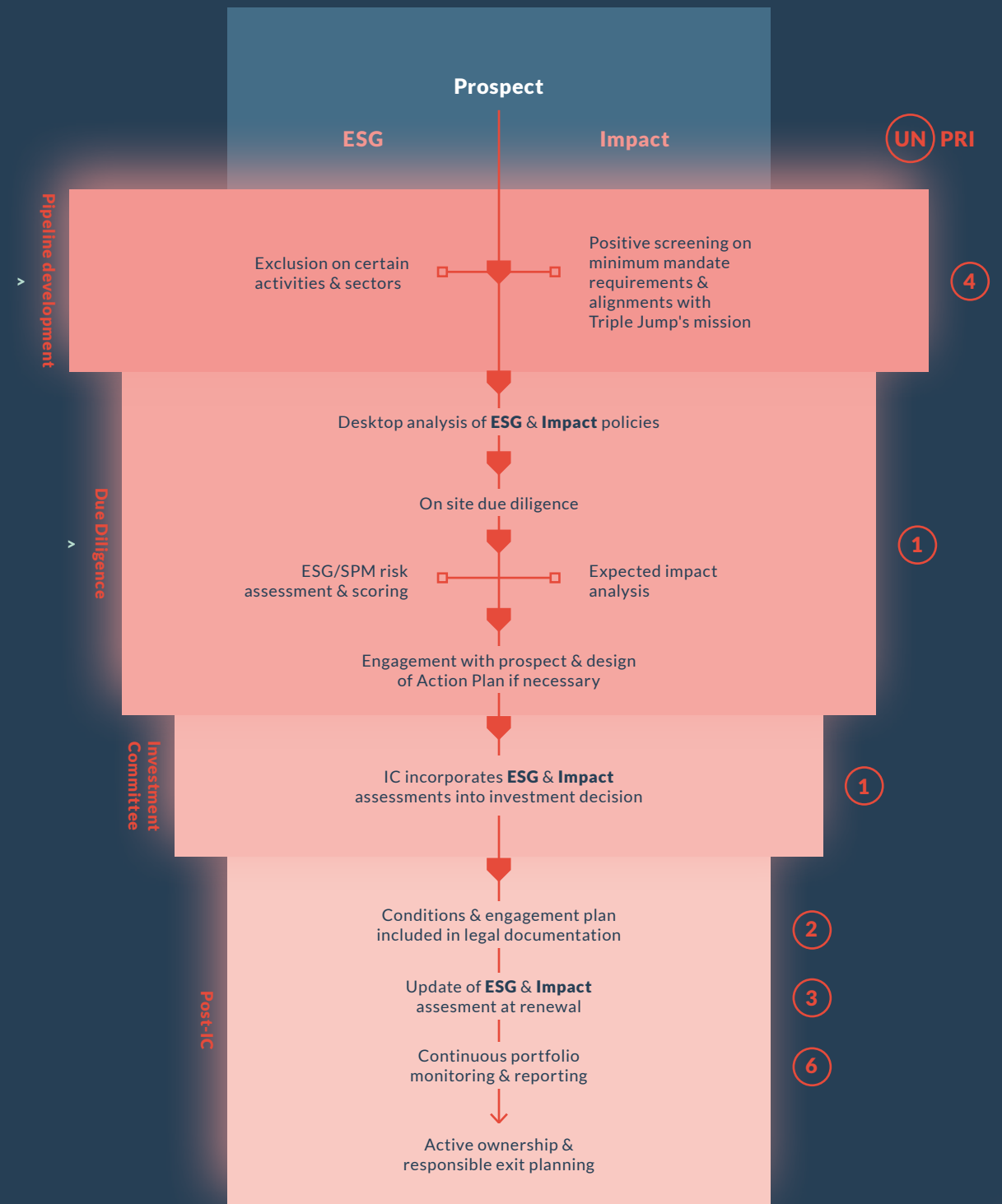
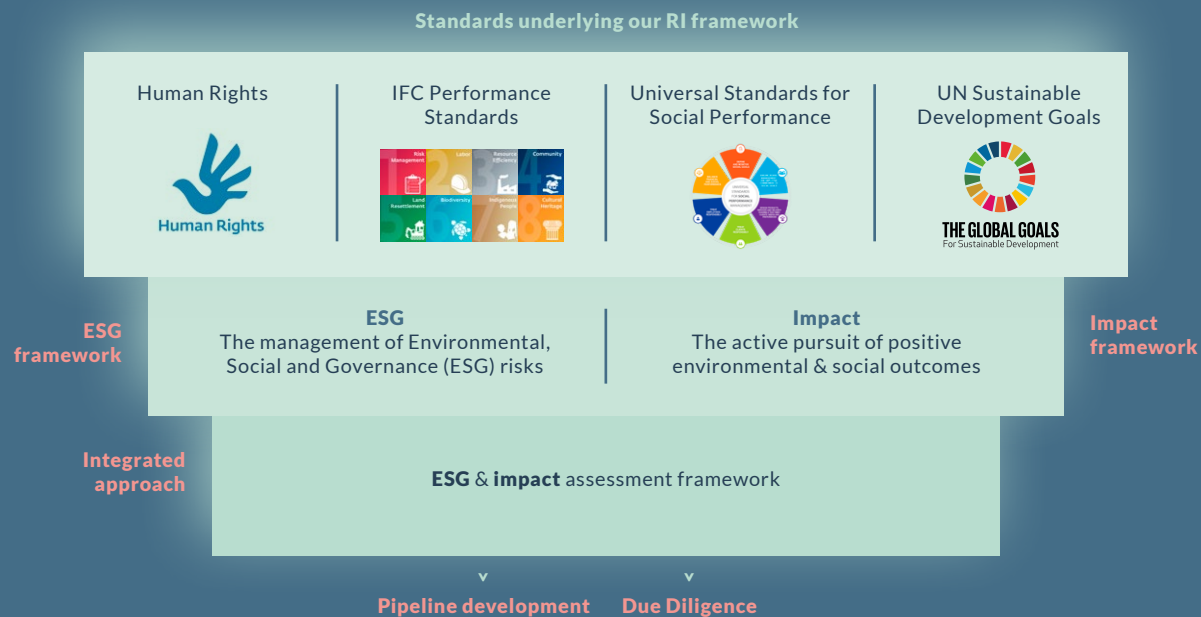
Looking forward

Even though the sustainable energy sector is attracting an increasing number of investors, the funding provided is still too small when compared to what is needed to fully meet SDG 7. In 2018, Triple Jump was awarded the management of a new fund dedicated to increasing access to sustainable energy by providing funding to companies offering off-grid access to energy solutions. This will go beyond the financiers that we currently partner with, involving all players along the diverse ecosystem. We believe that value chain financing, combined with hands-on support, will help the development of the whole sector and enable these companies to prove their business model, grow their impact and showcase their commercial viability to new investors in the sector. This new fund is planned to launch in 2019.

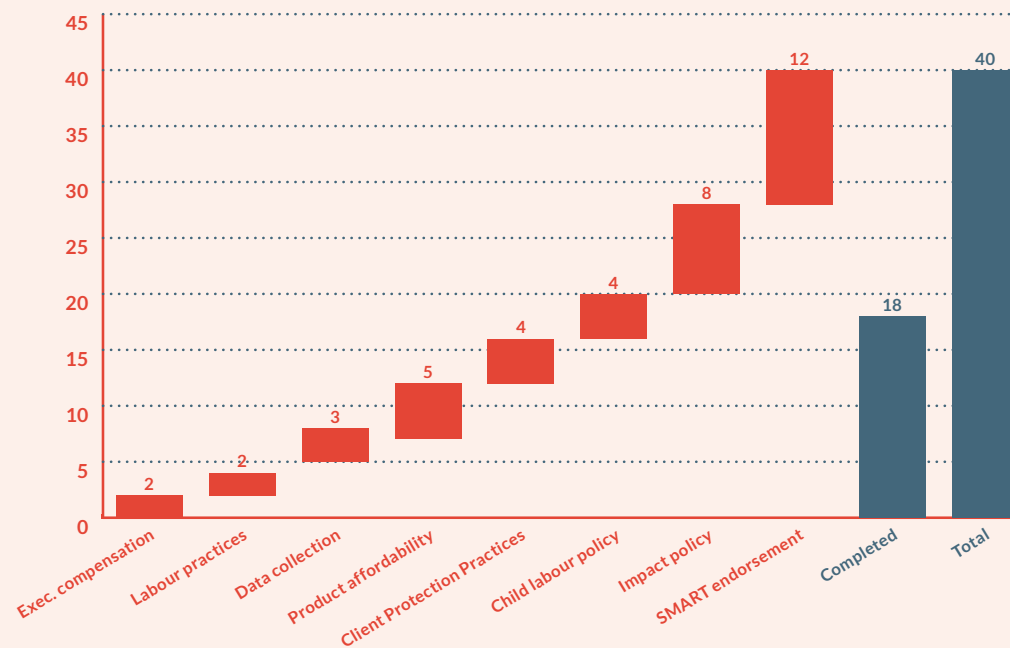


Responsible Investment approach

As an impact fund manager, Triple Jump is committed to generating positive social and environmental outcomes through its investment activities, while at the same time mitigating unintended negative impacts that may arise. Pursuing these two goals constitute our Responsible Investment (RI) approach, the commitment to which is described in our RI policy. Our approach, which is directly aligned with the **UN Principles for Responsible Investment (UN PRI)**, is integrated throughout the entire investment process. It begins at pipeline development, involves numerous teams, and continues throughout the entire investment lifecycle.



Number of engagements per topic



Principle 2: “We will be active owners and incorporate ESG issues into our ownership policies and practices.”

Triple Jump believes that engagement forms an integral part of being an impact investor. In some cases, prospective investees show a lot of potential and align with our values, but fall short on a few social or environmental areas. If it is clear that improvement is possible, Triple Jump helps to ensure that over time the company puts in place the appropriate policies and practices. Ultimately, we believe that Responsible Investment is a journey, both for us and our investees, and we should support that when possible.

In the past five years, Triple Jump has engaged with 40 companies on six different themes. Out of this number, 22 engagement processes are still active.

Principle 5: “We will work together to enhance our effectiveness in implementing the Principles.”

The fifth Principle is not directly included in the investment process depicted, as it relates to the promotion of Responsible Investment in the wider industry. To this end, Triple Jump is an active participant and member of various networks, including:

- > The Social Performance Task Force
- > The Global Impact Investors Network
- > The SMART Campaign
- > European Microfinance Platform
- > The Dutch Platform for Inclusive Finance
- > UN Principles for Responsible Investment

ESG and impact team

ESG and impact management is an integral part of Triple Jump’s investment process, from the on-site due diligence conducted by the investment officers in our regional offices to the investment decision taken by our investment committees members. This process is overseen and supported by a team of **two ESG specialists** who is responsible for developing and disseminating the ESG and impact approach, policy and tools. In certain cases Triple Jump also works with third party specialists such as PwC and Habitat for Humanity.

Christophe Bochatay
ESG & Impact Manager Triple Jump



Christophe Bochatay is Manager of ESG and Impact at Triple Jump. He joined Triple Jump in 2010 as a Senior Investment Officer where he developed and managed a portfolio of debt and equity investments in West Africa. Prior to this, Christophe worked in international development and microfinance in the Balkans and in investment management in the US and Switzerland. He holds an M.B.A. from ESADE Business School and a B.A. in Economics from New York University. Christophe is a member of the Board of the Social Performance Task Force where he co-chairs the Social Investors Working Group.

Andres van der Linden
ESG & Impact Officer Triple Jump



Andres van der Linden joined Triple Jump in 2017 as an ESG and Impact Officer. Before joining, he worked at Sustainalytics where he provided research and advisory services to institutional investors on integrating Environmental, Social, and Governance (ESG) topics into their policies and financial decisions. Andres’ area of expertise was understanding how macro-level sustainability issues affected companies and countries. He has also spent time in Tanzania, Argentina, and the Philippines, researching the effectiveness of different kinds of development interventions. Andres holds a MSc in Sustainable Development from Utrecht University.

ESG stands for Environmental, Social, and Governance. In practice, it entails the consideration of factors, such as energy, climate, availability of raw materials, health, safety and good corporate governance are taken into account in the selection and management of investments in companies.

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