



NORDIC IMPACT FUNDS

# Impact Report

2023

# Investing for impact in East Africa

## Dear Investors, Partners, Stakeholders, and Friends,

We strongly believe in the transformative power and financial attractiveness of purpose-driven enterprises. Reflecting on our path thus far, I am proud to share a few of the achievements we have reached together.

To date, we have supported seven enterprises with a genuine dedication to serve those most in need and we have witnessed first-hand the symbiotic relationship between impact and profitability.

Together, our portfolio enterprises reach almost **850,000 people** across Ethiopia, Kenya, and Uganda (**59% women** and **51% low-income**). On average they have grown 32.9% in revenues and 57% of them have raised capital from investors brought in by NIF for further growth and expansion since NIF invested.

As these enterprises continue to scale, they deliver tangible outcomes for more underserved communities.

To better assess, manage and monitor these results, we refined our impact measurement and management methodology during 2023 including our proprietary impact scorecard which we use throughout the investment cycle.

In the coming year we look to further formalize our impact and sustainability policies and practices to document our SFDR Article 9 alignment.

And more importantly, we will build on the learnings and experience generated to date, to expand the portfolio across new climate and gender solutions benefitting those who need it the most.

Thank you for your unwavering support and dedication to our shared mission, where every investment is a step towards a more equitable and sustainable future.

Warm regards,

NORDICIMPACTFUNDS  
NORDICWBCIFUNDS

**Lisbeth Zacho**

Founder and Managing Partner  
Nordic Impact Funds

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# 01

## About NIF

Nordic Impact Funds is an impact investment firm headquartered in Copenhagen and with presence in Nairobi and Kampala.

Our overall objective is to contribute to improved livelihoods and climate change adaptation and resilience for the base of the pyramid.

Therefore, we invest across East Africa in local SMEs operating in agricultural and food value chains and financial systems with climate- and gender-smart solutions benefiting the underserved.

### Investment focus



Local SMEs  
in East Africa



Climate and  
gender smart  
solutions



Climate change  
adaptation and  
resilience



Early to growth  
stage with high  
impact potential



Targeted  
vulnerable  
populations



Increased  
inclusion





## OUR CONVICTION

is that financially viable businesses, led by dedicated social entrepreneurs, play a crucial role in achieving sustained impact at scale.



## OUR MISSION

is to capitalize local SMEs with economically viable and scalable solutions contributing to improved livelihoods and climate change adaptation and resilience for underserved population groups.



# THEORY OF CHANGE

Inputs and activities

Investment focus

Outputs and intermediate outcomes at enterprise level

Example longer term outcomes at target group level

Ultimate impact objectives

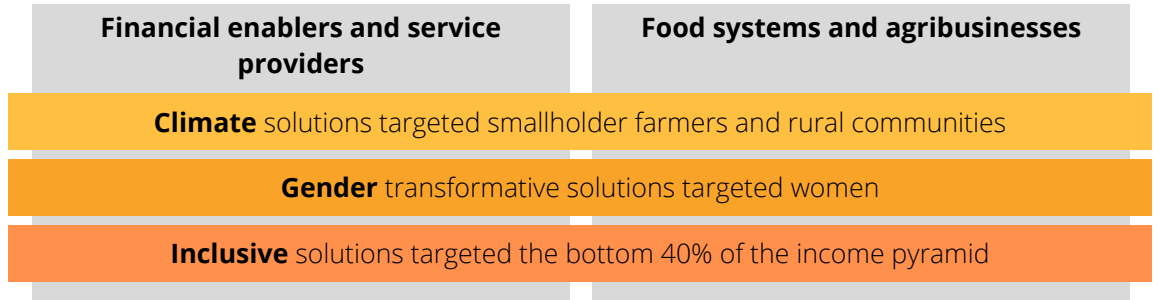
NIF leverages its **extensive impact investment expertise** to provide...

 **Capital**  
Equity, debt or hybrid instruments

 **Impact incentives**  
Financial incentives upon achievement of impact targets

 **Strategic guidance**  
Value creation through technical assistance and strategic guidance

To **local SMEs** with **climate- and gender-smart** solutions targeted **vulnerable populations...**



Thereby, contributing to the **business and impact growth** of the SMEs...

- Business growth and expansion
- Increased economic viability
- Improved governance and investability



- Increased depth and breadth of impact
- Increased inclusion
- Improved environmental and social (risk) management

Who **catalyze their impact** on vulnerable population groups in a **financially sustainable** manner...



Increased quality, quantity, and consistency of yields



Increased affordability, financial resilience and financial inclusion



Increased income and resilience

Ultimately, leading to increased **climate change adaptation and resilience** for **low-income and vulnerable people in East Africa.**





# 02 NIF's approach to Impact Measurement and Management

## IMPACT INVESTMENT DEFINITION

NIF's investment strategy is aligned with the GIIN's definition of impact investments and we apply a holistic approach to impact and sustainability incorporating both intentional positive impact (do good) and mitigating potential adverse impacts (do no harm).

*“Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.”*

- GIIN



## QUANTIFYING AND COMPARING IMPACT ACROSS SECTORS, IMPACT THEMES, AND TARGET GROUPS

Our impact rating model and tool is based on **four dimensions** of impact as experienced by our target population:

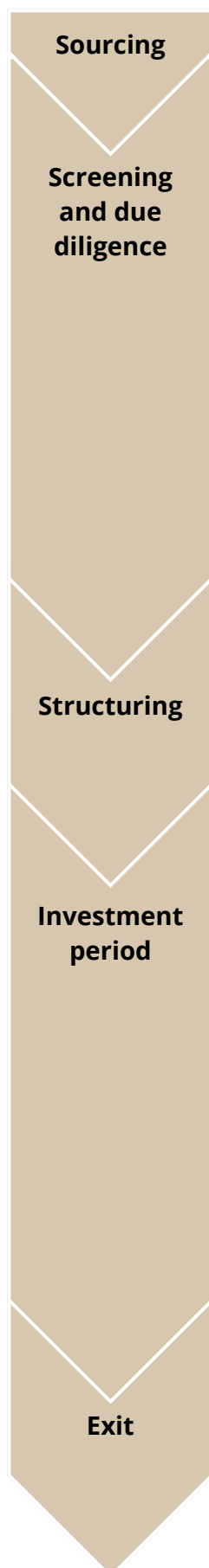
- **Depth:** to what degree does the company's product or service make a significant difference to the target group? - Is it lifesaving, transformative or just a marginal change for each individual.
- **Breadth:** how many people are affected by the company's activities? - How many people can be reached?
- **Inclusion:** to what degree does the company reach underserved population groups? - does it serve women, smallholder farmers, and/or the bottom 40% of the income pyramid?
- **Additionality:** to what degree would the impact have happened without the company (and/or without NIF's investment) - how many comparable products/services exists? How will the company leverage NIF finance to increase depth, breadth, and/or inclusion?

Every potential investee and portfolio company is scored on each dimension of impact on a one-to-five Likert scale. We compare potential investees with peers (to what degree is this company attractive from an impact perspective) as well as existing portfolio companies over time (to what degree is the company realising its impact potential). As such, we construct a comprehensive index which allow us to compare the impact of companies across different sectors and impact areas.

	Depth	Breadth	Inclusion	Additionality	
<b>Deser.</b>	• Significance of change	• Scale of impact	• Proportion of affected population that is vulnerable	• The estimated counterfactual	As a rule of thumb, NIF invests in companies with score =>12
<b>KPIs (non-exhaustive)</b>	• Increase in <b>income</b> pp. • Increase in <b>yield</b> pp. • <b>Cost savings</b> pp.	• Number of <b>people impacted</b> historically • Projection of number of <b>people impacted</b> in the next three years	• <b>% of women, smallholder farmers, and low-income people</b> within impacted population	• Density of peers with <b>similar impact</b> • Estimated <b>funding gap</b> within the region	
<b>Score (example)</b>	5	3	3	4	



# IMPACT AND SUSTAINABILITY MANAGEMENT THROUGHOUT THE INVESTMENT PROCESS



## Sourcing

### Pipeline building

Pipeline building through local presence and long-standing relations in entrepreneurship, start-up ecosystem, and impact investment networks.



## Screening and due diligence

### Initial Screening

Rapid screening based on documentation shared and readily available:

#### Criteria for proceeding

- Impact potential in relevant sector, through relevant solution, and benefiting the target group

#### Exclusion criteria

- NIF exclusion list aligned with IFC performance standards, EDFI exclusion list, and EU taxonomy



### Advanced Due Diligence

Advanced assessment and rating of impact potential according to the NIF impact assessment methodology and assessment and risk mapping tool.

$$\text{Depth} \times \text{Breadth} \times \text{Inclusion} \times \text{Additionality} = \text{Impact score}$$

$$\text{Risk} \times \text{Consequence} \times \text{Mitigation} = \text{Risk value}$$

## Structuring



### Investment Agreement

Investment agreement incorporating alignment on impact potential, measures of success, risk mitigation plan, and value creation action plan.



## Investment period



### Monitoring and reporting



Quarterly monitoring of key impact and risk metrics ensuring a maintained and/or increased focus on agreed impact case and active risk management. Annual reporting of achievements contributing to portfolio impact report.



### Engagement and value creation

Strategic engagement and value creation contributing to improved governance, investability, Impact Measurement and Management Systems as well as Environmental and Social Management Systems. The most common topics covered from an impact and risk angle are:



## Exit



### Exit assessment

Assessment of impact and risks related to exiting the investment.



# 03

## Portfolio overview and key results



Jamii.One contributes to financial resilience by providing a digital tool that increases the efficiency and credit history of community based groups and give them access to insurance. .



Xeno contributes to financial inclusion by democratizing access to professional savings and investment management and helping people build financial resilience.



Rexial contributes to financial inclusion by providing a direct debit exchange that allows customers to automate recurring payments (including loans, savings, and investments).



Taimba contributes to increased and consistent income for smallholder farmers by off-taking directly from smallholders and facilitating logistics with cold chain, pack house and transport.



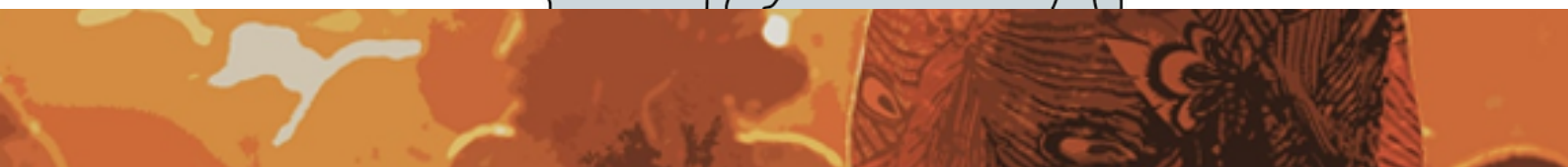
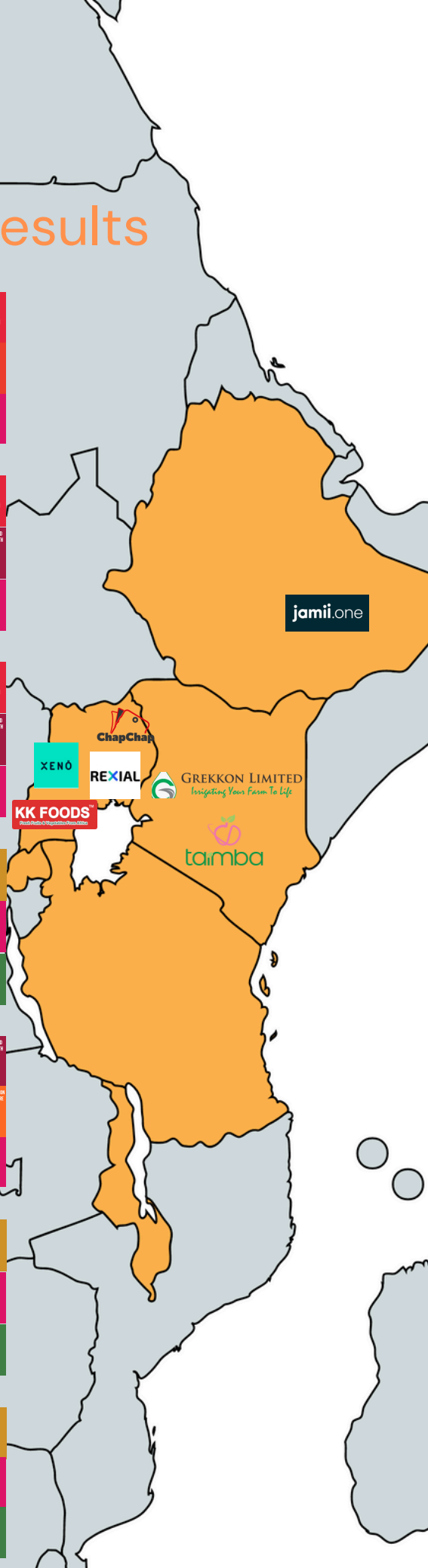
ChapChap contributes to financial inclusion and income generation for microenterprises by providing access to financial services based on data and trust scores.



KK Foods contributes to increased and consistent income for smallholder farmers by securing off-take and fair prices, by adding value locally and taking their produce to export markets.



Grekkon contributes to climate resilience and adaptation of smallholder farmers by providing climate smart agricultural products and services, including solar irrigation and solar dryers.



# KEY RESULTS

Portfolio snapshot as of December 2023



Change since NIF investment



Reach in 2023



Example ultimate impact results



Grekkon enabled its clients to improve their yield **by 70%**



Xeno created **43k** new investment accounts in 2023



**100k** people are insured thanks to Jamii

Improved **livelihoods and climate change adaption and resilience** for **low-income and vulnerable people** in East Africa





# 04

## Portfolio Companies







"on a mission to make financial tools and services accessible to everyone"

**Headquarters:** Kampala, Uganda

**Year founded:** 2016

**Sector:** Fintech

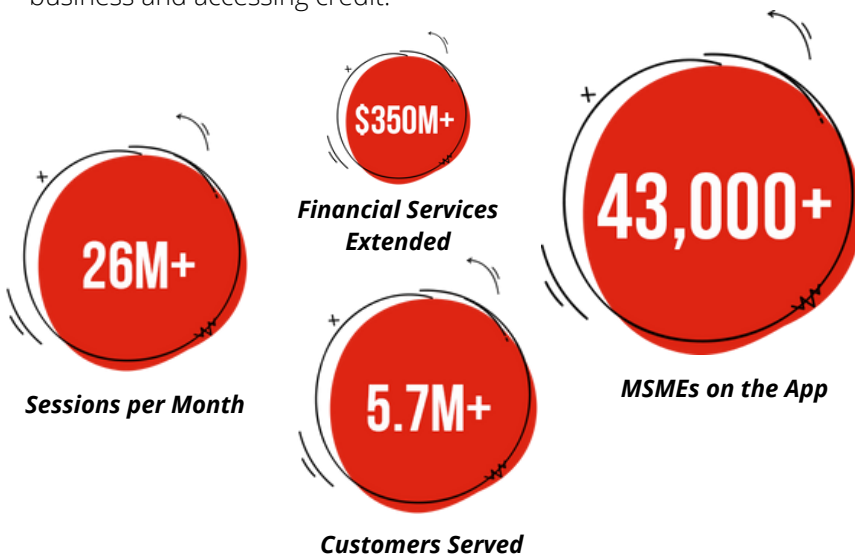
**Founders:** Monica Kiconco, Emmanuel Emodok & James Alituhikya

**Countries of operation:** Uganda



## THE PROBLEM

With more than 6 Million people running small businesses in Uganda, 90% operate without government licenses, 88% have not received business management training and yet more than 58% depend on credit to grow and expand their businesses. 92% of entrepreneurs cannot meet the requirements for starting a financial services business and accessing credit.



It does so by partnering with Telecoms, utility and financial companies to offer payment aggregation services to MSMEs and low-income people in Uganda.

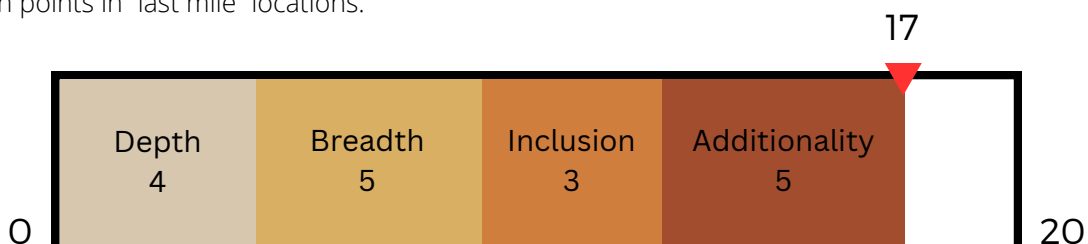
## THE SOLUTION

ChapChap is a social impact company supporting low income earners in trade and business by enabling them access financial services, business management tools and linking them with key business partners. ChapChap significantly removes barriers to entry using digital financial tool. The company provides digital financial tools to MSMEs by enabling informal entrepreneurs to:

- Add new revenue streams
- Digitize their bookkeeping
- Accept digital forms of payment
- Build a verifiable digital credit profile

## IMPACT METRICS

With an approximate agent network of **43'000 microenterprises with a low income client base**, ChapChap's impact value added lies in the breadth and inclusion of its services, being able to considerably increase the efficiency and purchasing power of small commerces **by 43%**. The breadth of its services is improved by the adoption of ChapChap transaction points in "last mile" locations.







*At Taimba, we are focused on our relationship with Farmers and Retailers. To us, they are not just trading partners, but friends that we just happen to do business with.*

**Headquarters:** Nairobi, Kenya

**Year founded:** 2016

**Sector:** Agri-food, Ag-tech

**Founders:** Dominique Kavuisya, Joan Kavuisya

**Countries of operation:** Kenya



## THE PROBLEM

The region suffers from unstable and low smallholder farmer income, among others due to inefficient value chains. Furthermore, small food vendors (kibandas) have limited growth potential, among others due to high costs and time inefficiencies of going to nearby markets for buying ingredients.

## THE SOLUTION

Taimba sources directly from smallholder farmers at farmer friendly prices (as they skip potential middle-men). It then offers the retailers (kibandas) the fresh produce at lower than market prices enabling them to sell to the final consumer at more affordable prices, including delivering to their premises. In addition to time savings, this saves retailers 2 to 3 dollars they would incur from transport costs. Taimba guarantees quality and traceability on the source of produce.

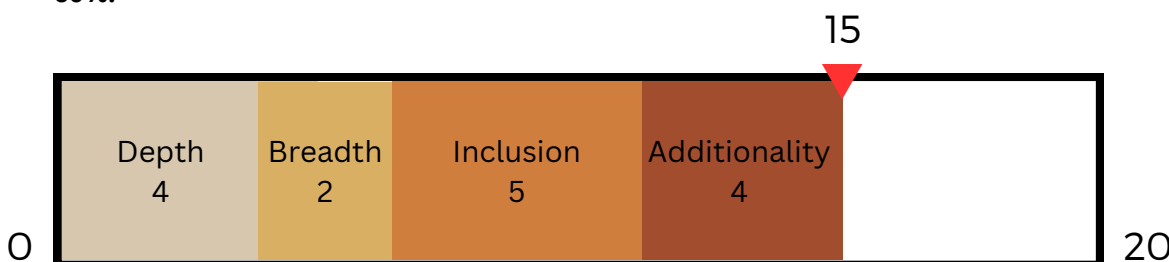
74%  
WOMEN  
CLIENTS

84%  
LOW-  
INCOME  
CLIENTS

335K  
PEOPLE  
IMPACTED  
OVERALL

## IMPACT METRICS

Taimba displays a general score of 16 out of 20 showing particular impact in the fields of inclusion and service additionality. Taimba sources from smallholders that typically show high levels of precarity and need for improved agricultural structures, with a **funding gap estimated by 83%**. Furthermore, **74% of Taimba's clients are women**, running smaller food vendor businesses and benefitting from cost and time savings based on Taimba's services. Taimba sources from more than **2500 smallholders** and service more than **1000 small food retailers**. Its services are reported to increase the clients' purchasing power and time efficiency **by respectively 50 and 60%**.





"Financial freedom & security like never before"

Headquarters: Copenhagen, Denmark
Year founded: 2018
Sector: Insurance, financial services
Founders: Charlotte Rønje, Tigist Bezu, Daniel Torp
Countries of operation: Ethiopia



THE PROBLEM

Ethiopia has a 0.4% insurance penetration rate, leaving already at-risk people vulnerable to financial shocks, trapping families in poverty.

USERS INSURED 100k

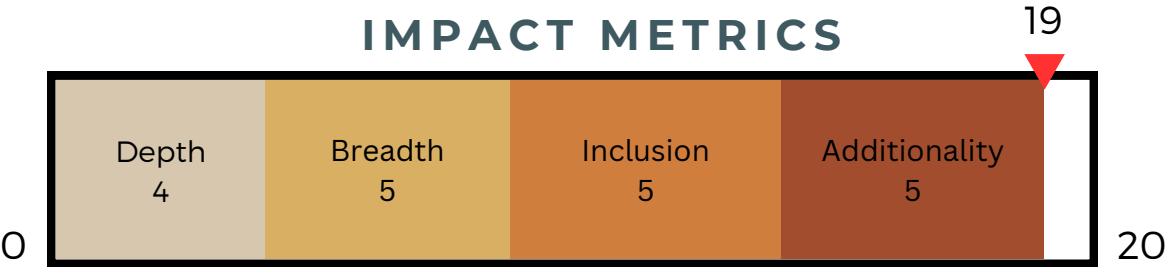
REGISTERED ACCOUNTS 950k

"Because my Chama had hospital cash insurance, I was able to buy food and medicine after leaving hospital"

- Arnoda Anyango (hospital cash beneficiary)

THE SOLUTION

Jamii.one makes it profitable for the insurance sector to service a new segment by leveraging Ethiopia's Community-based groups (CBGs) organisation. CBGs consist of 50-500 people, paying a monthly membership fee to cover funeral costs. Jamii connects low-income families with affordable insurance by offering self-managed, automated processes reducing cost. It merges a low-cost digital infrastructure to reach customers, data to identify the customer (KYC) and for risk assessments, and access to groups allowing for law of large numbers. Jamii.one has partnered with the National Council for funeral association in Ethiopia to digitalise all associations and offer them access to financial services.



Jamii reaches the maximum achievable impact score in Breadth, inclusion and Additionality showcasing significant and eclectic efforts in realizing impact through their operations. The network-based approach leveraged by the company allows it to reach a consequent number of clients, hence extending the breadth of its impact. 700 people have received a payout by Jamii.one of a value of 1000 US dollars. The operations are considered to bring a true improvement in the local populations' livelihood, and represent true additionality as they are unique in the region.





"on a mission to bring together all farmers to fight poverty through agricultural development"

**Headquarters:** Kampala, Uganda

**Year founded:** 2011

**Sector:** Agricultural Services

**Founders:** Dr Kaniye James

**Countries of operation:** Uganda



## THE PROBLEM

Smallholder farmers in Uganda are often exploited by middle-men and traders, earning low incomes; this is in addition to income losses from food losses due to weather pattern changes. Furthermore, many Smallholder farmers use poor readily available and counterfeit agriculturals to boost yields; this has long term effects on health and soils.

**\$680K**

Collective Income earned in the SHF network in 2022

**48%**

of SHF in the network are youth

**1200**

Tonnes of food exported in 2022

**68%**

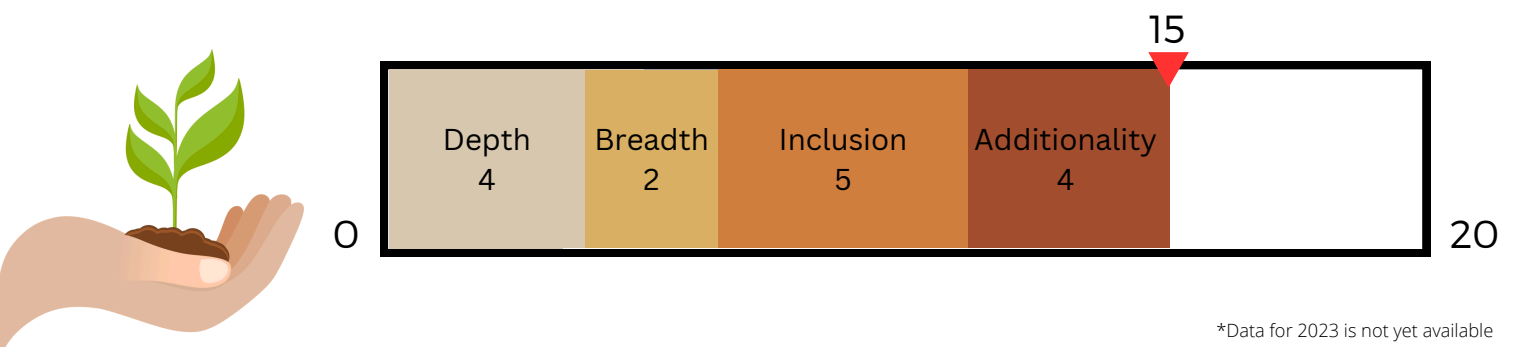
of SHF in the network are women

## THE SOLUTION

KK Foods works with a wide range of **small scale out growers**, providing technical support to ensure quality production of fresh fruits and vegetables that meet **regulatory requirements**. KK Foods also links farmers to financial institutions for production-related support, such as the acquisition of affordable irrigation pumps or the utilization of **safe agrochemicals**. The company enables efficient production of value-added crops, and allows to reduce agricultural losses. This stabilises farmer incomes and allows to sell produce that would typically be rejected.

## IMPACT METRICS

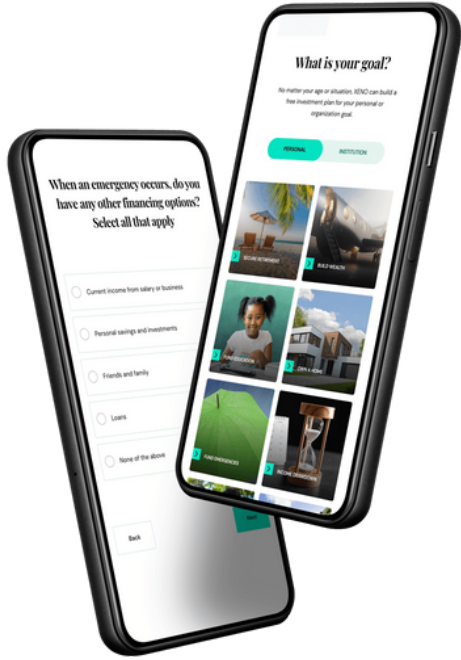
KK Foods' focus on smallholder farmers allows it to target a vulnerable client base, overrepresented by women. The company works with a network of approximately 1100 farmers\*, which act as suppliers. In estimate, KK foods facilitates a mark-up of 6-7x local market price by exporting products (through value addition and by being Global GAP certified). Part of this income is extended to the smallholder farmers.



\*Data for 2023 is not yet available



"Building Africa's largest investment service."



**Headquarters:** Kampala, Uganda  
**Year founded:** 2016  
**Sector:** Financial Services  
**Founders:** Aeko Ongodia  
**Countries of operation:** Uganda

### THE PROBLEM

75% of Ugandans have savings. However, most of these savings are kept as cash at home, as mobile money at zero interest or in a current bank account at close to zero interest. The value of these savings is eroded by charges and inflation, which in Uganda stands at 7-8%.

IN 2023  
**42,824**  
NEW ACCOUNTS WERE  
CREATED

OVERALL  
**77,000**  
CLIENTS REPORT  
IMPROVED PURCHASING  
POWER

"Very user friendly and beautifully designed. I can now track my investments anywhere, anytime"

- Elizabeth

### THE SOLUTION

XENO is a goal-based investment service created to plan, save, and invest for any financial goal. Clients receive guidance on their investment plans and can monitor and progress performance. Through the collaboration of MTN, MyXeno also works without access to internet through mobile money. Users have free access to basic investment guidance upon sign up for their first goal. To act on the guidance or plan for another goal, they can start investing from as little as \$3.

### IMPACT

XENO obtains a general score of 13 out of 20. With over 77,000 clients seeing improved purchasing power and savings management, Xeno scores the significant impact points in terms of impact depth and shows promising growth with regards to the breadth of this impact. Similarly, with growing inclusion and minority representations across its client base, XENO offers a promising solution for financial inclusion in East Africa







# GREKKON LIMITED

*Irrigating Your Farm To Life*

*"To work with growers to create long lasting Agricultural solutions"*

**Headquarters:** Nairobi, Kenya

**Year founded:** 2013

**Sector:** Agribusiness, irrigation

**Founders:** Wamae Mwangi

**Countries of operation:** Kenya DRC, Nigeria, Rwanda, Somalia, Tanzania, and Uganda

## THE PROBLEM

Farmers in East Africa face various adversities hindering agricultural productivity and sustainability. Water scarcity, exacerbated by inefficient irrigation practices, poses a significant threat to crop yields and farmer livelihoods. Traditional irrigation methods often lead to substantial water wastage, with estimates indicating that up to **60-80% of irrigation water is lost** due to inefficiencies such as evaporation and runoff.

## THE SOLUTION

Grekkon addresses the issue of efficient water treatments by installing climate smart technologies that secure food production, reduce carbon footprints, and grow household incomes for small and medium scale farmers in Africa. Grekkon is also differentiated by providing free agronomy training services to farmers on site, by employing agronomists in every branch.

## USER STORIES

The experience I have had with Grekkon has changed my attitude towards greenhouse farming. I now have the confidence and resilience to move forward. ASANTE SANA GREKKON, you are phenomenon.

★★★★★

- Harriet Kiboma

Just got my HDPE pipes and fittings from Grekkon Limited irrigation hub Nairobi at the best prices ever.Hurry up while stock lasts!!!

★★★★★

- Mwikali Mwendwa

# 75%

Of clients are Women

# 70%

Improved Yield

# 85%

Of clients are smallholder farmers

## IMPACT METRICS



With an approximate client base of 50'000 people and mostly consisting of smallholder farmers, Grekkon's impact value lies in the depth, inclusion and additionality of its services, being able to considerably increase the efficiency of agricultural practices. The company provides an on the field, reliable and additional extension service that allows for sustainable practices which simultaneously increase the welfare of rural communities.

# 06 Our experienced and diverse team

The strength of Nordic Impact Funds lies in our diverse and experienced team which brings:

- **Diverse and complementary backgrounds:** the team is women-led, counts seven professionals, five nationalities, 42% women, and constitutes experience from the financial sector, NGOs, development, public and private sectors as well as across the Nordics and East Africa.
- **Global reach and local anchorage:** the team is deeply rooted both in the Nordic and East African investment and entrepreneurship ecosystems as well as global impact investment and impact-linked finance networks.
- **Transaction, business development, and strategic experience:** together the team represents +80 years of transaction, business development, and strategy consulting experience in emerging markets.



**Lisbeth Stausholm Zacho**

*Partner/CEO*

Fund management, financial and risk management.



**Humphrey Wattanga**

*Partner/IC*

Sourcing and structuring, local network, Investment Committee.



**Duncan Onyango**

*Venture Partner*

Sourcing and structuring, local network, strategic advisor.



**Olivia Byanyima**

*Regional Director, East Africa*

Portfolio management and value creation.



**Anne-Katrine Buch Vedsten**

*Investment Manager*

Impact strategy, value creation and investment management.



**Federico Dotto**

*Investment Analyst*

Impact Measurement and Management specialist.



**Kevin Mpapasingo**

*Investment Analyst*

Portfolio analysis and financial support.

# Looking Ahead

We seek to establish an **Impact-Linked Finance facility** tailored for our own portfolio companies. This initiative will be designed to reward enterprises for the social and environmental outcomes they generate through the logic: better terms for better impact.

We are in line to document and disclose our alignment with **SFDR Article 9**, demonstrating our commitment to achieving social and environmental objectives.

We remain focused on further developing and **maturing our Impact Measurement and Management System** to increase our ability to assess impact across impact themes while capturing the nuances and specificities of the outcomes experienced by our target groups.

As an evergreen structure, we continue to **raise funds from likeminded investors to back promising SMEs** - with every dollar invested, we can contribute to increased climate adaptation and resilience for vulnerable population groups.



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