

UNLEASHING TRANSFORMATION'S FULL POTENTIAL

2023 IMPACT REPORT



GAWA
C A P I T A L

FOREWORD

The GAWA Capital team has been on a journey for over fifteen years, marked by discovery, learning from mistakes, and growth. Throughout these years, our decisions have been driven by a genuine quest to maximize impact on low-income communities in developing countries at scale. Our understanding of impact has evolved, deepening as we visited beneficiaries and gained insight into their challenges. This year's report reflects our progress – we believe that GAWA Capital has now articulated a clear and powerful impact framework and is executing it effectively.

In 2009, our objective was broad: to provide vulnerable communities with access to financial services, understanding that this would help them build businesses and increase resilience.

Through investing in our first two funds, the GAWA Microfinance Fund and the Global Financial Inclusion Fund, we realized that impact could be multiplied if financial institutions adopted a more intentional approach. By focusing on specific segments with dedicated financial products and knowledge, we could drive greater change. Loan officers meet with their clients every month – why not empower those loan officers and leverage that social capital to promote real change in the lives of poor people? For example, could farmers struggling with droughts benefit from microfinance institutions promoting and financing the installation of irrigation systems?

We also realized that financial inclusion alone was not enough. Farmers and small businesses need access to efficient markets and integrated business ecosystems to truly thrive. This meant that business solutions had to be tailor-made to the needs of lower-income communities.

We distilled the learnings of this journey into a coherent impact framework. Today, we have refined our focus, targeting small farmers and small businesses, supporting them through three complementary strategies: financial inclusion, business ecosystem development, and climate adaptation. Our strategy is designed to deliver three key outcomes: economic empowerment, enhanced resilience, and gender equality, all while supporting a healthy planet.

At the heart of our impact model is the transformation of the companies we invest in. We believe that deep, systemic change within these organizations is essential for driving sustainable and scalable impact. It is not enough for companies to merely provide services – they must undergo a fundamental shift in how they operate, engage with clients, and contribute to long-term solutions for their communities. This transformation is what empowers them to better serve the needs of small farmers and businesses, enhance resilience to external shocks, and foster inclusive growth.

This transformation is not a journey we undertake alone. It requires close collaboration with our investees, local communities, and partners on the ground. By working together, we create a network of support that enables our investees to deliver greater value to the people they serve, ensuring that they have the tools, knowledge, and resources necessary for long-term success.

We measure the success of these transformations through key metrics, such as income growth, improved access to markets, and enhanced resilience to environmental challenges. These indicators guide us in ensuring that the impact we aim for is not just theoretical, but real, measurable, and lasting.

Achieving these outcomes at scale requires radical shifts, made possible through a combination of investment and technical assistance. We view technical assistance not as an add-on, but as a critical tool for unlocking the full potential of our investees, ensuring they are equipped to meet the evolving needs of those they serve.

Looking ahead, we are committed to continuing this transformative journey. Our vision is to build a network of empowered investees that can drive systemic change, reaching millions of people and creating lasting improvements in livelihoods, resilience, and sustainability. This report offers an in-depth look at our progress, learnings, and vision for the future.

LUCA TORRE
GAWA Co-CEO

AGUSTÍN VITÓRICA
GAWA Co-CEO



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1. GAWA CAPITAL

**JOIN US AS WE MAKE A
LASTING DIFFERENCE IN THE
WORLD**

1.1. ABOUT US

At **GAWA Capital**, we are not just about investments; we are about transforming lives. As a leading impact investor based in Spain since 2010, we focus on empowering vulnerable communities in the Global South. Our quest is to foster economic empowerment, holistic resilience and environmental sustainability through strategic investments.

GAWA Capital manages several impact funds, operating exclusively in the impact investing sector and dedicating all our activities to meaningful social and environmental outcomes. With EUR 204 M in assets under management (AUM), we are deeply committed to driving positive change and bring in private capital to address some of the most challenging social and climate issues by using catalytic capital which accepts more risk or less return. Over the years we have been working with COFIDES, AECID, the European Commission and more recently the Green Climate Fund. Since we started we have made or advised 85 investments supporting 40 companies which are dedicated to support vulnerable communities.

Our 2023 Impact Report showcases the activities and achievements of GAWA Capital throughout the year. We are dedicated to transparency and continuous progress, ensuring our stakeholders are always informed about our journey towards our strategic goals.

In preparing this report, we have made significant efforts to align with the Impact Frontiers Impact Performance Reporting Norms Version 1. While we have incorporated many of the guidelines and recommendations, we acknowledge that we have not fully adhered to all aspects of the norms. Moving forward, we aim to address the areas where we fell short and integrate more of the norms’ principles in our future reports.

- 14 YEARS SINCE FOUNDATION
- 204 M EUROS MANAGED & ADVISED
- 85 IMPACT INVESTMENTS MANAGED OR ADVISED, SUPPORTING 40 ENTITIES
- 11.07 M TOTAL END-BENEFICIARIES
- 80% OF WHICH ARE FEMALE CLIENTS AND 49% ARE RURAL CLIENTS



1.2. IMPACT THESIS

GAWA Capital aims to address significant challenges of vulnerable communities in underserved regions: low incomes, economic instability, and environmental degradation. Low incomes and economic instability among vulnerable populations lead to inadequate access to healthcare, education, and essential services, perpetuating the cycle of poverty. This economic fragility also increases susceptibility to crises and reduces the ability to recover from economic shocks. Similarly, environmental degradation affects vulnerable populations disproportionately as it exacerbates poverty, reduces access to clean water and food security, and heightens exposure to natural disasters.

GAWA looks to support these populations in achieving economic empowerment, holistic resilience and environmental sustainability by promoting access to credit through financial service providers, integration in agricultural value chains and adaptation to climate events.

Our investees are typically microfinance institutions, SME lending institutions and SME growing business in sector such agriculture and climate. These types of entities possess a robust and extensive network, allowing them to effectively reach the communities targeted by our mission. This capillarity is essential to provide services and support where they are most needed, particularly in rural and marginalized areas.

We provide both financial and non-financial support to our investees. Financial contributions include private equity and debt financing that enable investees to scale and innovate. Non-financial contributions encompass technical assistance projects that seek to transform investees business to better serve vulnerable communities creating long lasting additionality. This strategic guidance helps investees to implement sustainable practices, improve operational efficiencies, and achieve greater social impact.

This Transformation and advancing of investees are an all-encompassing goal than influences our work entirely. Through Financial service providers, we are able to scale up the delivery of innovative client centric financial services. Additionally, by supporting the growth of companies that offer innovative solutions, we can address traditional value chains’ gaps and inefficiencies.

Our key impact objectives include:

- **Financial Inclusion:** Providing access to financial services for underserved populations, particularly in rural areas, to foster economic development and reduce poverty.
- **Inclusive Business Ecosystems:** Addressing disparities and inefficiencies in traditional value chains that often exclude marginalized groups and small-scale producers.
- **Climate Change Adaptation & Mitigation:** Helping vulnerable populations and small businesses adapt to a new volatile environment and reduce GHG emissions.

The primary stakeholders impacted by GAWA’s investments include microentrepreneurs, smallholder farmers, SMEs, and the natural environment. The intended outcomes are:

- **Economic Empowerment:** Increased income and economic stability through improved access to financial services and markets. Greater inclusion in economic activities, contributing to reduced poverty and enhanced social equity.
- **Holistic resilience:** Individuals or communities’ development of comprehensive capacity to anticipate, withstand, recover from, and adapt to a range of economic, social, and environmental challenges and shocks.
- **Environmental Sustainability:** Responsible management of natural resources in a way that ensures their availability and quality for future generations. It involves minimizing negative environmental impacts and supporting regenerative practices.

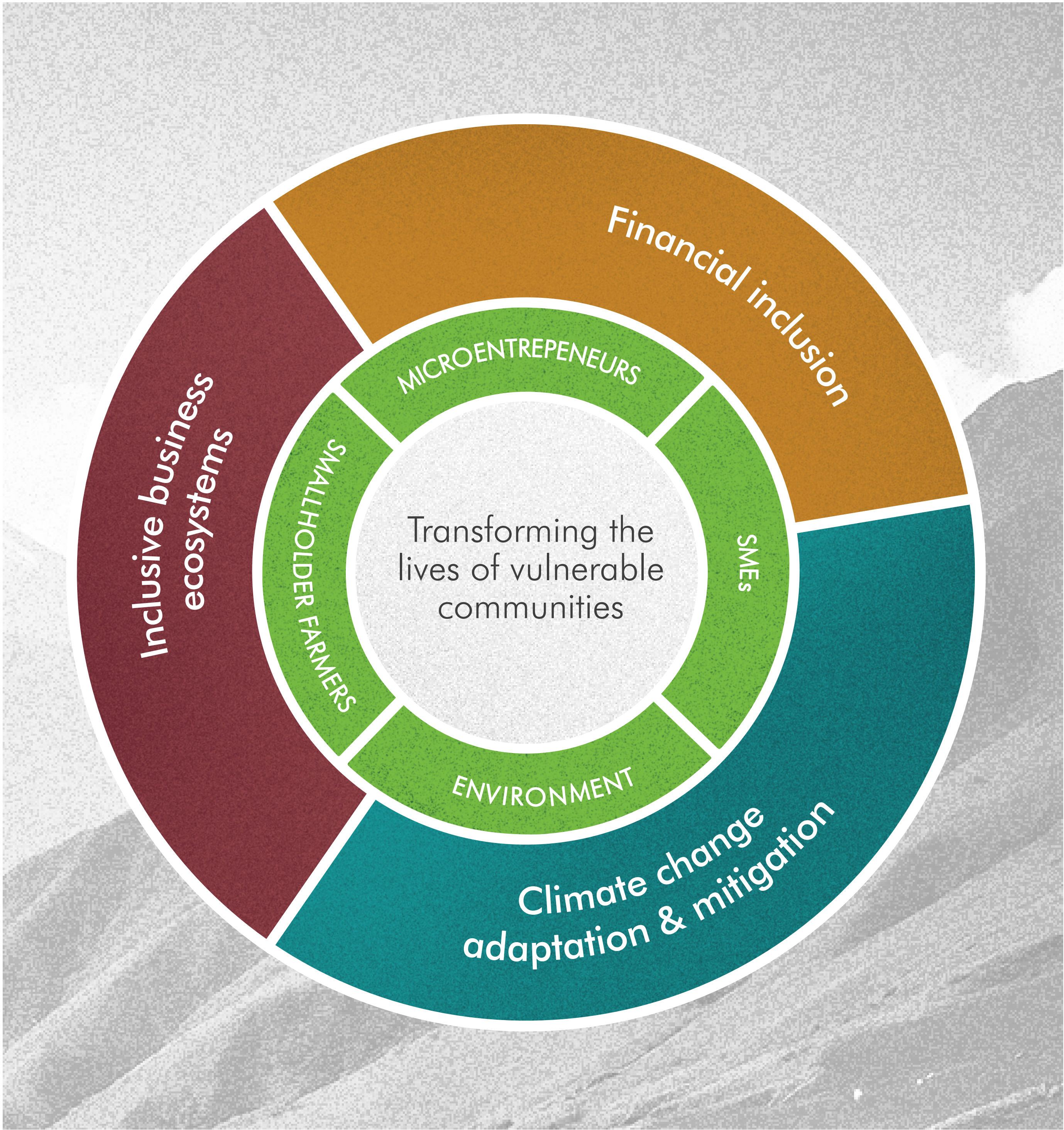
Besides, gender equality is a cross-cutting outcome that affects every other intended outcome. Gender issues intersect with a variety of other social issues, such as poverty and access to resources. This intersectionality means that gender concerns cannot be fully addressed if treated as separate from other issues.

GAWA focuses on the gender composition of the partner institutions at different levels (board, management, and staff) and on the delivery of DEI dimensions through products that specifically or disproportionately generate positive effects on women (e.g., women focus lending)



“We are committed to addressing the critical challenges faced by vulnerable communities in underserved regions. Our initiatives focus on providing access to credit, enhancing agricultural value chains, and supporting climate adaptation measures. Through these actions, we aim to promote economic empowerment, strengthen community resilience, and ensure environmental sustainability.”

TOMÁS RIBÉ
Director of Investments



Stage 1



GAWA Microfinance Fund
Global Financial Inclusion Fund
Magallanes Impacto Fund
AUM: EUR 75.7 M



Stage 2



Huruma Fund
AUM: EUR 128.5 M



Stage 3



Kuali Fund
AUM: EUR 300 M

1.3. IMPACT MANAGEMENT APPROACH¹

GAWA Capital integrates impact and financial considerations at every stage of the investment process with staff members of both areas, Impact and Investment team, working closely and simultaneously, from pre-screen to exit. This integration ensures that our investment decisions align with our commitment of generating positive social and environmental outcomes alongside financial returns.

The companies we invest in are like tools to achieve the intended social or climate objective. Our approach is to refine those tools and improve them during the life of the investment using Technical Assistance. As a result, it is key to assess the current impact and what can be improved and achieved over time. This process consists of assessing the business’ current impact, identifying potential improvements, setting up some targets, implementing the Technical Assistance and providing the capital, and measuring whether the intended impact has been achieved.

GAWA Capital employs a combination of third-party and in-house frameworks, standards, and tools to systematically assess and manage impact throughout the investment lifecycle.

1.

Pre-screen

During the pre-screen stage, potential investments are evaluated against a set of predefined impact criteria to determine their eligibility for further consideration. This stage involves:

- **Impact Potential and Theory of Change:** Evaluates alignment to our impact objectives and its preliminary potential contribution in term of output/outcomes to be generated.
- **Socioenvironmental Risk Assessment:** Utilizing in-house and third-party tools to identify potential risks and opportunities related to environmental and social factors.
- **Initial Transformation Potential:** Preliminary evaluation of its ability to adapt, innovate, and grow.
- **Exclusion Criteria:** Applying exclusion criteria to avoid investments in industries or companies that do not align with our impact objectives (e.g., fossil fuels, tobacco).

2.

Due Diligence

In the due diligence stage, a deeper analysis of the potential investment’s impact is conducted. This stage includes:

- **Impact & Financial Weighted Analysis:** Utilizing detailed impact analysis frameworks, such as the Impact Management Project (IMP) and in-house questionnaires (e.g. Agri readiness, Customized metrics) to evaluate the potential outcomes and impacts.
- **ESG Risk Assessment:** Utilizing detailed risk analysis frameworks, such as Alinus/ SPI4 Cerise for microfinance institutions, IRIS+, General EHS Guidelines, IFC’s Performance Standards to evaluate the potential social and environmental risk.
- **TA Project Idea:** Design a preliminary project idea that helps the potential to adapt, innovate, and grow to better serve vulnerable populations.
- **Stakeholder Engagement:** Engaging with relevant stakeholders, including community members, employees, and beneficiaries, to gather insights and validate impact claims.

¹ Impact is a change in an outcome caused by an organization. An impact can be positive or negative, intended or unintended. An outcome is the level of well-being experienced by a group of people, or the condition of the natural environment, as a result of an event or action. Impact management is the process of identifying the positive and negative impacts that an enterprise has on people and the planet, and then reducing the negative and increasing the positive.

3.

Investment Decision

Impact considerations play a crucial role in the final investment decision. This stage involves:

- **Impact & Financial Weighted Analysis:** Integrating impact metrics into the analysis to assess the overall value proposition of the investment. This approach helps to balance financial returns with the potential social and environmental benefits.
- **Contract Documentation:** Documenting the environmental impact targets and requirements through contract S&E covenants, S&E Action Plans and Exclusion lists. These metrics measure to what extent the invested companies implement policies/business models that serve end-clients (input) and what real impact is generated through their activities (outcome).

5.

Exit

At the exit stage, the impact performance of the investment is evaluated to inform future decisions. This stage involves:

- **Impact Score Audit:** Final Social Impact metrics are audited by an independent social auditor chosen by investors. This informs and ensures incentives' alignment since GAWA's profit sharing depends on the audited social outcomes.
- **Transformative Metrics:** The fund level transformative metrics and the TA project KPIs are evaluated to measure our contribution to overall lasting transformation of our investees.
- **Impact Evaluation:** Conducting a comprehensive impact evaluation to measure the achieved outcomes and impacts. This evaluation is guided by standards such as the OECD DAC Evaluation Criteria.
- **Lessons Learned:** Analyzing the lessons learned from the investment to improve future impact investing practices. This analysis includes an assessment of both successes and challenges.

4.

Monitoring

Once an investment is made, ongoing monitoring and management of impact are critical. This stage includes:

- **Impact Monitoring:** Requiring investees to provide quarterly impact reports, which include both qualitative and quantitative data. These reports are reviewed to ensure alignment with initial impact projections. Active management is maintained, checking the evolution of indicators and compliance with metrics, thus allowing to react in case the objectives are not being reached and redirect if necessary.
- **TA Project Implementation:** TA projects have their own set of indicators and goals, usually directly or indirectly linked with those of the investment. The implementing partners prepare a monthly and/or quarterly report which is reviewed by the TA team and Investees. Payments are normally linked to specific milestones.

Data collection is a fundamental aspect of the impact management process. We utilize data collected directly from our investees through regular reporting employing standardized and customized impact metrics. Impact data availability specially at the final beneficiary level remains an important challenge.

Most indicators collected refer to outputs that are the immediate, tangible products of activities of our investees. Collecting data about outcomes rather than outputs that reflect to the long-term effects or changes that result from those activities is a crucial shift for organizations but persist to be considerably difficult.

GAWA Capital is making important efforts toward this critical issue including the implementation of formal impact studies at the fund level that will offer in the future key insight regarding the outcomes and impact generated.

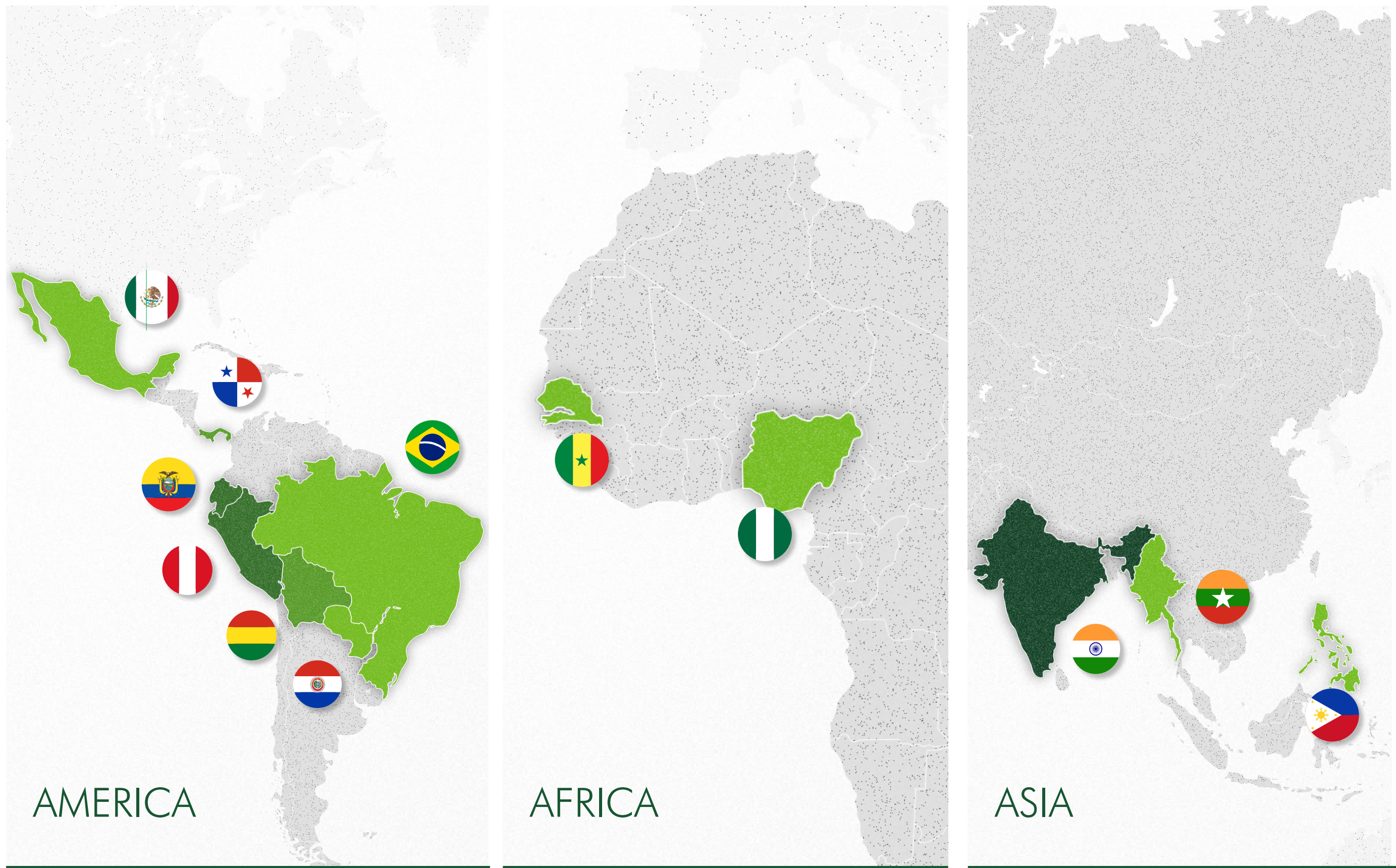




2. IMPACT PERFORMANCE

BUILDING OPPORTUNITIES FOR LOW-INCOME COMMUNITIES WORLDWIDE

2.1. IMPACT FOOTPRINT



“Closing the gap in an increasingly unequal world is essential to fostering fairness, opportunity, and sustainable progress for all. At GAWA, we believe it’s not enough to act; we must measure and share our impact to engage the broader community. We recognize our role in addressing market failures and supporting disadvantaged populations. With this data, the positive impact of our funds in 2023 is undeniable.”

TERESA BOADA
Portfolio Manager

Number of investees	Country	Principal outstanding (EUR)
7	India	<div></div>
2	Brazil	<div></div>
2	Mexico	<div></div>
1	Paraguay	<div></div>
2	Ecuador	<div></div>
2	Panama	<div></div>
3	Peru	<div></div>
1	Nigeria	<div></div>
2	Bolivia	<div></div>
1	Philippines	<div></div>
1	Senegal	<div></div>
1	Myanmar	<div></div>

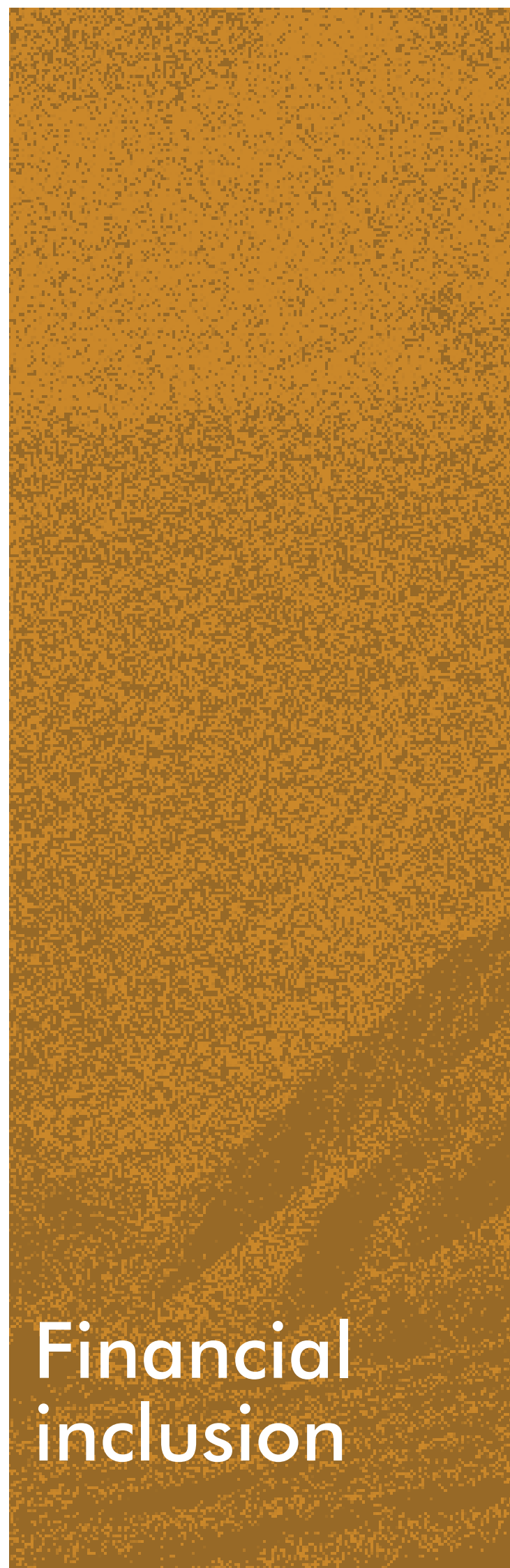
2.2. IMPACT PERFORMANCE 2023

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1 NO POVERTY	<p>EUR 133.9 M invested in financial service providers.¹</p> <p>5.8 M clients reached by our investees.⁵</p> <p>94% of income-generating portfolio.⁵</p> <p>14% of clients under national poverty lines.²</p> <p>1% insurance clients over total clients.⁵</p> <p>4% of investees' clients receiving free trainings.⁵</p> <p>20k SME clients reached by our investees, 7% of which are women-led. 1 average employee are supported by each SME client.⁵</p>
2 ZERO HUNGER	<p>496 k smallholder clients in Huruma's portfolio.³</p> <p>47% of total clients attributed by GAWA are rural clients.⁵</p> <p>60 k smallholders linked to business ecosystems in Huruma's portfolio.³</p>
13 CLIMATE ACTION	<p>13,937 investees clients implementing climate change mitigation solutions.⁵</p> <p>EUR 15.8 M investees portfolio financing climate change mitigation solutions.⁶</p> <p>3,435 of investees clients receiving finance for implementation of adaptation and resilience solutions.⁵</p> <p>EUR 25.3 M investees portfolio financing climate adaptation and resilience solutions.⁵</p>
17 PARTNERSHIPS FOR THE GOALS	<p>EUR 6.4 M available to implement technical assistance projects.</p> <p>8 investees are implementing capacity building projects with Huruma's TAF contribution of EUR 1.9 M⁷</p>

¹– Committed investments. Internal indicator, ²– IRIS Taxonomy: PD3569. SGD Indicator 1.1.1, ³– IRIS Taxonomy: PI6372, ⁴– IRIS Taxonomy: PI8999. SDG Indicator 2.3.2, ⁵– Internal indicator, ⁶– SDG Indicator 13.a.1 (C130a02), ⁷- SDG Indicator 17.9.1 (C170901)

2.3. IMPACT OBJECTIVES

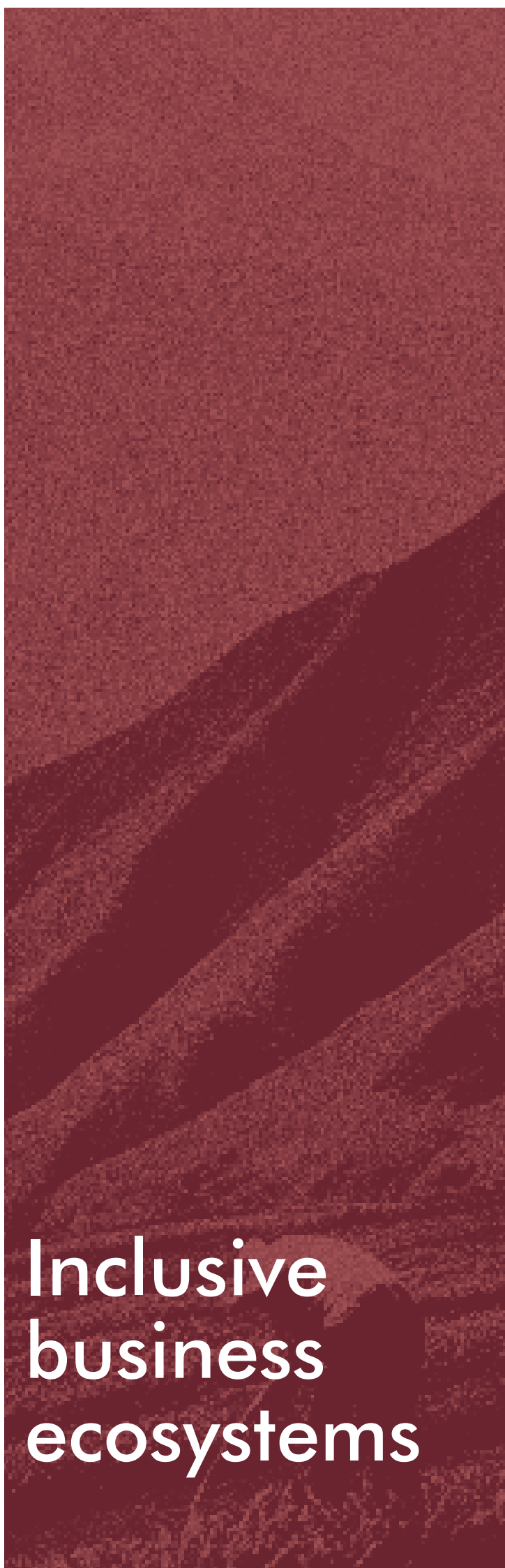


Financial inclusion

Total outstanding: **EUR 24.2 M**
Companies in portfolio: **17**
Companies financed: **9**
Total disbursements: **EUR 9.3 M**

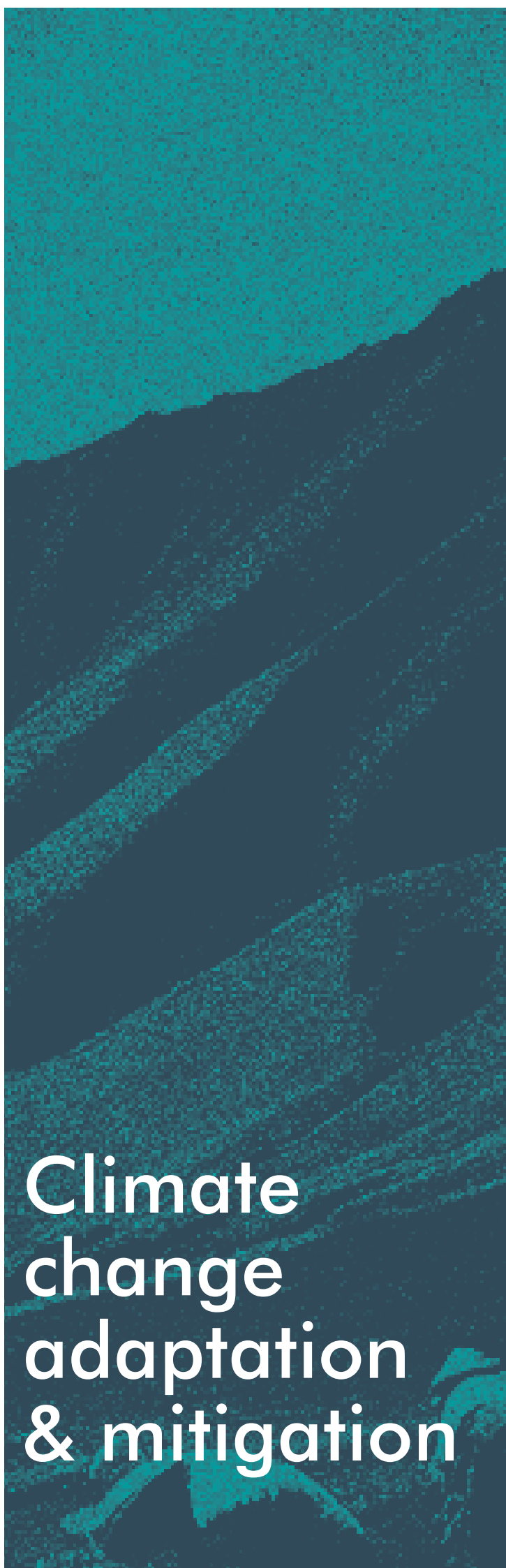
With focus on smallholders

Total outstanding: **EUR 74.2 M**
Companies in portfolio: **16**
New investments and renewals: **8**
Total disbursements: **EUR 26.5 M**



Inclusive business ecosystems

Total outstanding: **EUR 17 M**
Companies in portfolio: **2**



Climate change adaptation & mitigation

Nº of clients implementing climate change mitigation solutions: **13,937**

Investees portfolio financing solutions that mitigate climate change: **EUR 15.8 M**

Nº investees clients receiving finance for the implementation of climate adaptation & resilience solutions: **3,435**

Investees portfolio towards the implementation of climatic adaptation & resilience solutions: **EUR 25.3 M**

Total outstanding and companies in portfolio as of 31/12/2023. Companies financed and total disbursement during 2023.



3. OBJECTIVES BREAKDOWN

FOSTERING EMPOWERMENT, RESILIENCE AND SUSTAINABILITY

3.1. FINANCIAL INCLUSION

Financial inclusion refers to the availability and accessibility of financial services to all individuals and businesses, regardless of their income level or geographic location.

The lack of access to finance limits the ability of the most vulnerable to generate income, manage irregular cash flow, invest, and work their way out of poverty. It plays a significant role in enhancing the economic stability and resilience of households and communities, particularly in times of crisis and shocks.

Financial inclusion is an enabler and accelerator of broad-based economic growth and resilience. Therefore, access to financial services such as savings accounts, credit, insurance, and payment systems, is essential for equal rights to economic resources. This empowerment helps break the cycle of poverty and promotes economic opportunities that can lead to sustained improvements in living standards.

GAWA's funds focus on expanding financial services for vulnerable populations through delivering financing to Financial Institutions targeting microentrepreneurs, smallholder farmers and MSMEs. These institutions provide vulnerable populations with the financial services they need. This means that they can make investments in economic opportunities that can lead them out of poverty, save or cope with shocks more easily.

Focusing on smallholder farmers

Among the vulnerable, smallholder farmers are more frequently excluded from finance because financial institutions often view them as high-risk. Agriculture is subject to high uncertainty, including weather conditions, pests, and market price fluctuations, making it a less attractive sector for lenders. Besides, smallholder farmers typically have seasonal income patterns, with cash flows concentrated around harvest times. This irregular income can make it difficult for them to meet the regular repayment schedules of traditional loans. Financial institutions often lack products tailored to the specific needs of smallholder farmers.

Farmers with secure and equal access to financial services are often more able to increase their productivity and income by purchasing better inputs, improving their farming techniques and investing in assets.

GAWA's investments aim at increasing the agricultural productivity and incomes of small-scale food producers via secure and equal access to financial services through specialized products and services. In addition, several entities also offer agricultural extension services for farmers, such as trainings and technical assistance, helping reinforce productivity and income.



“Financial inclusion is a key area not considered as often as it should, given this grants the chance to smallholder farmers to obtain tailored products to keep their business going in tough times and grow in a sustainable measure. When facing hardships, they are the most affected considering they usually live day by day and depend 100% on their harvests. At GAWA we seek to reach this group of people and for them to be included in the financial scope of the financial institutions. ”

DIEGO MAYEN

Junior Finance and
Operations Officer



1.4 NO POVERTY

What: Increase access to economic resources for the poor and most vulnerable men and women through microfinance

Who: Poor and vulnerable men & women living in developing countries

How much: 5.2 M total MFIs clients.¹ 94% of productive portfolio⁴

Contribution: 138 k clients were reached linked our investment

Execution risk - Potential over-indebtedness of end-clients

Mitigation - Onsite due diligence and monitoring to check that an adequate client risk analysis and process is being undertaken by the entity

2.3 ZERO HUNGER

What: Increase agricultural productivity and income through financial services

Who: Poor and vulnerable men & women living in developing countries

How much: 1.6 M total MFIs rural clients in portfolio²

Contribution: 49 k direct rural clients reached linked to our investment

Evidence risk - Insufficient high-quality data regarding impact of financial services provision on end clients

Mitigation - Onsite due diligence and monitoring ensures sufficient data quality

5.a GENDER EQUALITY

What: Increase women access to financial services and other forms of control

Who: Poor and vulnerable women living in developing countries

How much: 4.16 M female clients in investees³

Contribution: 119 k direct female clients reached linked to our investment

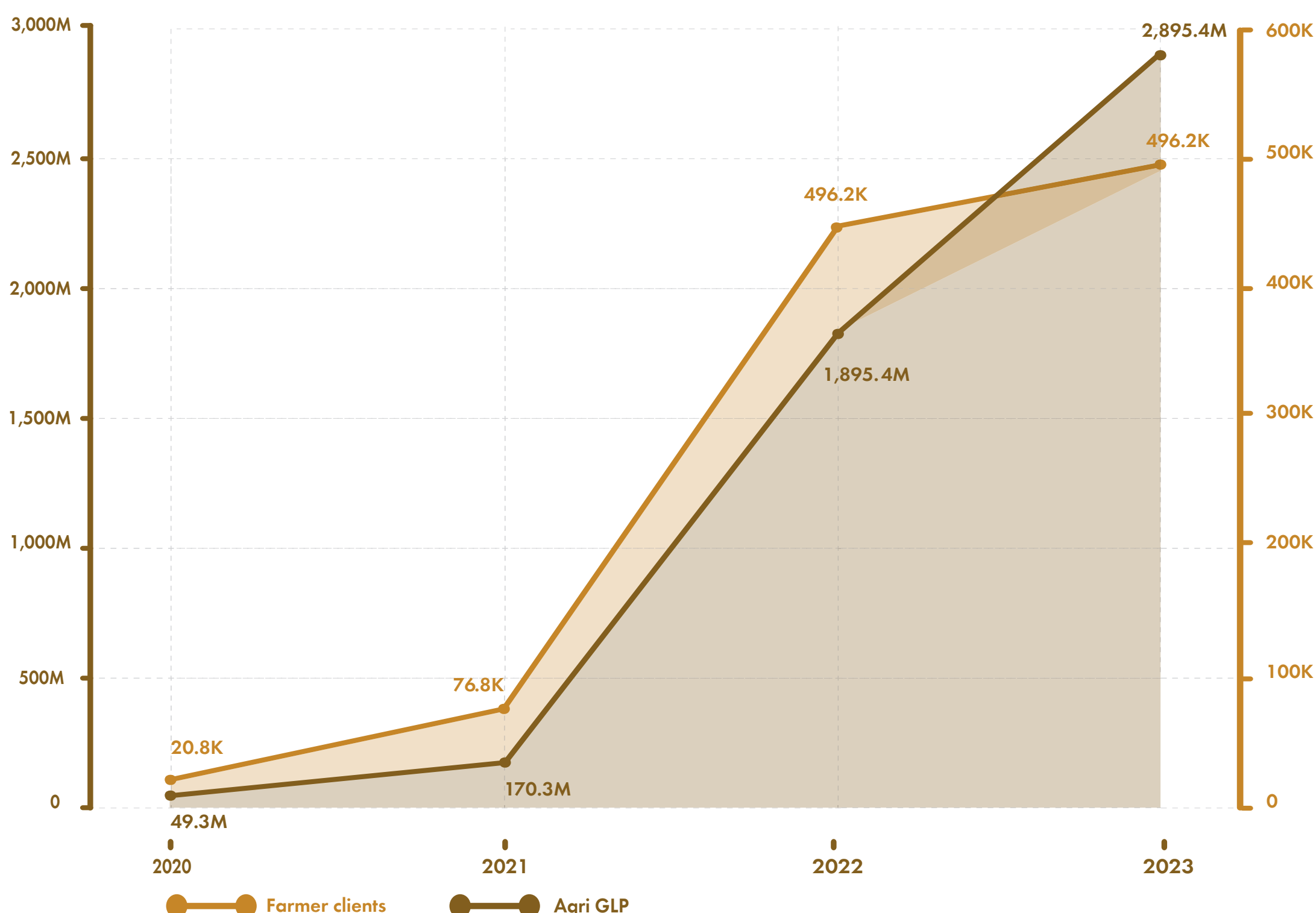
External risk - Lack of skills to carry out productive activities

Mitigation - Onsite due diligence waitnessing the training sessions for women

¹- IRIS Taxonomy: PI4060., ²- IRIS Taxonomy: PI6652., ³- IRIS Taxonomy: PI8330., ⁴- Internal indicator

FOCUS ON SMALLHOLDER FARMERS

Total agricultural outreach of our investees



1.4 NO POVERTY

What: Increase access to economic resources for the poor and most vulnerable men and women through microfinance

Who: Poor and vulnerable men & women living in developing countries

How much: 2.2 M total MFIs clients.¹ 11% of clients under national poverty lines.² 95% of productive portfolio⁶

Contribution: 156 k direct clients reached linked to our investment

Execution risk - Potential over-indebtedness of end-clients

Mitigation - Onsite due diligence and monitoring to check that an adequate client risk analysis and process is being undertaken by the entity

2.3 ZERO HUNGER

What: Increase agricultural productivity and income through financial services and increase agricultural resilience through mechanisms that strengthen adaptation capacity

Who: Poor and vulnerable men & women living in developing countries

How much: 496k total MFIs agricultural clients.³ 58,817 investees' clients with agricultural insurance⁶

Contribution: 123 k direct agricultural clients reached linked to our investment

Alignment risk – Investees strategic focus on the agricultural segment might weaken in the future

Mitigation - Onsite due diligence ensures current solid strategic focus. Availability of Technical Assistance funds to adapt business models to work with smallholders' farmers favours future alignment

5.a GENDER EQUALITY

What: Increase women access to financial services and other forms of control.

Who: Poor and vulnerable women living in developing countries

How much: 1.4 M female clients in investees.⁴ 14% female farmers over total farmers reached by our investees.⁶ 54% of female staff in our investees.⁶

Contribution: 126 k direct female clients in relation to our investment

External risk – Cultural factors may impact female clients' rate of empowerment, making it slower than expected

Mitigation - Onsite Due diligence and monitoring ensures mission-driven investees, while strategic focus on productive loans boosts female empowerment

¹– IRIS Taxonomy: PI4060., ²– IRIS Taxonomy: PD3569. SGD Indicator 1.1.1, ³– IRIS Taxonomy: PI6372., ⁴– IRIS Taxonomy: PI8330., ⁵– IRIS Taxonomy: OI2444, ⁶– Internal indicator

Top 5 farming activities of our end-beneficiaries



COFFEE



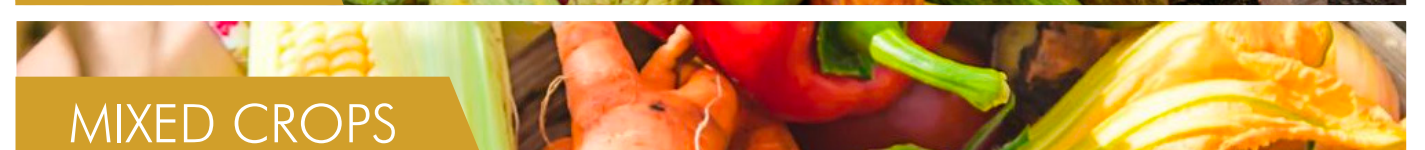
ANIMAL PRODUCTION



SOY



COCOA



MIXED CROPS

CASE STUDY: NORANDINO

This case study is an illustrative example, aiming to add realism and depth to the discussion by providing detailed information about the impact achieved by Norandino.

Norandino is selected to highlight a successful example of agri-value chain lending and to analyze the factors contributing to its success. The key question addressed is: "How to succeed in agri value chain lending, and what lessons can be learned from its model?"

INVESTEE OVERVIEW

Norandino is a Peruvian savings & credit cooperative founded in 2005 by individual farmers and coffee cooperatives under the motto "For farmers, by farmers", which it continues to adhere to today. Norandino has over 38,000 members, a EUR 34 M loan portfolio with a strong focus on agriculture (60%) and presence in 4 regions in North Peru.

IMPACT

Norandino's impact thesis revolves around the concept of Agri-value chain lending, which integrates finance, capacity building and market access. The intended outcomes include increased productivity, higher incomes for farmers, improved market linkages, and overall community development.

Norandino plays a key role as the preferred financial partner for farmers and farmers cooperatives who are simultaneously its members and owners. It mainly provides Operational Expenses (OpEx) loans to individual farmers for the cultivation practices of coffee, sugar, cocoa, and bananas during the cultivation season. Most smallholder borrowers belong to a farmer organisation, implying a purchase commitment for their produce which lowers the implied credit risk. Likewise, Norandino also introduces lone smallholders to associations, incorporating them in the value chain.

Norandino also provides OpEx loans to cooperatives (4% of the Agri-GLP) for purchasing the crop from their members that later is paid back directly by over 30 international importers (incl. US and Europe), enabling triangular finance deals.

Besides, Norandino finances Capital Expenditure (CapEx) loans (24% of Agri GLP) to individual farmer and cooperatives for long term investments in their farms and the acquisition of fixed assets offering tenors up to 3 years. This way Norandino boost the income generation capacity of its members.

[GO TO WEB](#)



GAWA'S CONTRIBUTION

Huruma Fund has provided Norandino with a EUR 3 M debt investment aiming to support their Agri portfolio, including its fixed asset portfolio with tenors up to 3 years.

Besides, the Technical Assistance of Huruma Fund is designing a project to provide agricultural extension services to promote crop diversification among farmers and develop new value chains like Guinea pigs, dairy or honey. Currently, most of Norandino members earn their income from a single crop and 81% of Agri portfolio is linked to coffee production.

MAIN INSIGHTS

- An integrated market, finance and extension approach offers great synergies.
- The Norandino approach works as a "conglomerate" with specialized and independent entities but directly linked through their governance structures.
- This unique farmer owned and interlinked governance structure is the result of a long and laborious bottom-up structuring process.
- Inclusion of less professionalized farmers and value chains compared with Coffee or Cocoa remains difficult due to lack of mature institutions and structures.
- Developing a more diverse set of income generation activities remains a challenge.



3.2. INCLUSIVE BUSINESS ECOSYSTEMS

Inclusive Business Ecosystems refers to the integration of traditionally marginalized or excluded groups into more formal, productive, and equitable business networks. These networks, or ecosystems, consist of various interconnected organizations—including suppliers, distributors, customers, competitors, and government agencies—that work together through both competition and cooperation to deliver specific products or services.

GAWA Capital focuses on including smallholder farmers that often find themselves excluded from formal business ecosystems due to factors like economic barriers, knowledge gaps, infrastructure limitations, institutional barriers, market dynamics or organizational barriers. This limits smallholder farmers to engage with ecosystems that are characterized by its irregularity, low-quality products, low prices, low returns and non-cooperation.

GAWA through the Huruma Fund invests in organizations such as aggregators, agri-techs, processors, distributors, or other entities that work towards including smallholder farmers into higher value business ecosystems. These organizations address exclusion by providing:

- **Market Linkages:** Establishing direct links between farmers and formal markets, including cooperatives, aggregators, and contract farming arrangements.
- **Capacity Building:** Offering training in modern agricultural practices, business management, and market access strategies.
- **Financial Inclusion:** Providing accessible credit, insurance, and financial services tailored to smallholder needs.
- **Infrastructure Development:** Improving rural infrastructure, including roads, storage facilities, and communication networks.

As of December 2023, the Fund has made strategic investments in two agricultural businesses that incorporate more than 60,000 smallholder farmers into their business ecosystem. These companies are not merely buyers; their strategies involve engaging farmers throughout the entire cultivation cycle, which significantly boosts productivity, profitability, reduces risks, and stabilizes income through the use of advanced agricultural technologies and practices.

WayCool

WayCool is one of India's largest and fastest-growing agri-food companies. It processes, distributes, and supplies dairy and fresh produce staples to small stores. WayCool's approach includes buying produce from over 20,743 farmers. Through its agricultural extension program, WayCool engages farmers throughout the entire cultivation cycle, providing them with continuous support and resources.

Babban Gona (BG)

Babban Gona, a Nigerian enterprise, offers comprehensive support to smallholder farmers who follow its advice. BG provides:

- **Training and Education:** Equipping farmers with knowledge and skills to improve their farming practices.
- **Financial Credit:** Offering financial services to help farmers invest in quality inputs and sustain their operations.
- **High-Quality Agricultural Inputs:** Supplying superior seeds, fertilizers, and other inputs to enhance productivity.
- **Harvesting & Marketing Support:** Assisting farmers in harvesting their crops efficiently and accessing markets to sell their produce at better prices.

Both WayCool and Babban Gona exemplify how strategic engagement with smallholder farmers can transform agricultural productivity and livelihoods by integrating them into broader business ecosystems and providing essential support throughout the farming process.



“Including smallholder farmers in business ecosystems enhances their living conditions by providing stable market access, better prices, quality inputs, and technical assistance, which increase productivity and income stability. Additionally, it fosters community development, empowerment, innovation, and technology transfer, leading to improved economic, social, and environmental outcomes for farmers and their communities.”

GLORIA MORADAS
Senior Finance & Risk Officer

2.3 ZERO HUNGER

What: Increase agricultural productivity and income through productive resources and inputs, knowledge, markets and opportunities for value addition

Who: Farmers living in developing countries

How much: 60,433 farmers included in business ecosystems²

Contribution: 6 k farmer suppliers reached linked to our investment

Average increase in income of 178% and average increase in yield of 138%*¹

External risk – Exposure to climate change and rising temperatures that may alter their crops functioning, income and productivity

Mitigation – Improved farming practices by business ecosystem players

2.4 ZERO HUNGER

What: Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality

Who: Farmers living in developing countries

How much: 131,021 farmers included in business ecosystems²

95,825 farmers having received training by our investees during 2023³

52,551 Ha of smallholder land indirectly supported⁴

Contribution: 22,987 farmer suppliers reached linked to our investment

Average increase in income of 178% and average increase in yield of 138%*¹

External risk – Exposure to climate change and rising temperatures that may alter their crops functioning, income and productivity

Mitigation – Improved farming practices by business ecosystem players

* For Babban Gona's suppliers: compared against national average, and for Waycool's suppliers: compared to farmers' incomes and yields previous to supplying Waycool., ¹– IRIS Taxonomy: PI8999. SDG Indicator 2.3.2, ²– IRIS Taxonomy: PI9991., ³– Internal indicator, ⁴– IRIS Taxonomy: PI7403

Top 5 farming activities of our end-beneficiaries



CASE STUDY: WAYCOOL

This case study is an illustrative example, aiming to add realism and depth to the discussion by providing detailed information about the impact achieved by Waycool.

Waycool is selected to highlight a successful example of a food system organization and to analyze the factors contributing to its success. The key question addressed is: "How to transform food systems and what lessons can be learned from its model?"

INVESTEE OVERVIEW

WayCool Foods is an "Agri-tech" company driving social impact while transforming India's food value chain. Waycool's operations are spread across product sourcing, food processing, branding and marketing, last mile distribution, and farm inputs. This gives WayCool end-to-end control over the food value chain.

WayCool procures fresh agricultural produce from a network of 200,000+ farmers and leading Farmer Producer Organisations (FPOs) in India and seamlessly delivers it to 37,000 + customers such as Processors, Traders, Kirara Stores, HoReCa brands and consumers.

IMPACT

Waycool's impact thesis revolves around the concept of generating integrated, short and efficient value chains. The intended outcomes include increased farmer income, improved agricultural practices, efficient supply-demand matching, reduced food waste, and improved product offer to Kirana stores and end clients.

Waycool aims at engaging with farmers directly avoiding multiple intermediaries boosting farmer income by 15-30%. This is possible due to technology enabled cluster formation and extension work that help farmers increase their productivity, improve their practices and reduce purchasing costs while offering a quality and steady supply of produce.

It uses demand prediction tech to arrange pre-harvest, harvest, collection and delivery to the stores. This generates efficient supply-demand matching, avoiding inadequate supply and price volatility for farmers and consumer. Besides, thanks to the direct procurement and automated warehouses and logistics it reduces its food waste to the minimum.

Traditional Kirana stores are finding it challenging to compete versus modern retail formats. WayCool by providing quality products, insights on consumer preferences, inventory management systems, digital payment methods empower Kirana stores to meet the expectations of modern consumers.

[GO TO WEB](#)



GAWA'S CONTRIBUTION

Huruma Fund has provided WayCool with a 13-M-euro equity investment aiming to back their overall expansion plans.

Besides, the Technical Assistance of Huruma Fund is implementing a project to support cluster development for small-holder farmers by providing access to information, know-how and resources, coupled with technology and advisory support system to foster the adoption regenerative agriculture and agroforestry principles.

The project includes farmers onboarding into clusters in which they will receive capacity building on best agricultural practices, and on the use of native seeds, bio-inputs, agroforestry and water harvesting structures. The project aims at transforming the relationship between Waycool and its supplying farmers in ways that emphasize regenerative agriculture principles and farmer profitability. This potential impact will remain long after the investment exit.

MAIN INSIGHTS

- Cluster development and farmer engagement can be effort-intensive (HR, time, logistics, etc).
- The balance between physical and technological interventions is essential to achieve efficiency and effectiveness at scale.
- An integrated value chain business model requires a substantial operational scale to achieve efficiency.
- It is challenging to control and maintain focus with a diverse set of business lines.



3.3. CLIMATE CHANGE ADAPTATION & MITIGATION

The ongoing increase in global temperature is linked to more frequent and severe extreme weather events, such as heat waves, floods, droughts, and water shortages. These changes are expected to worsen poverty in developing countries and create new poverty pockets in regions with growing inequality

The Climate adaptation & mitigation objective refers to the need of vulnerable populations and small businesses to adapt to the new unstable climatic environment by acquiring assets and adopting new practises that protects them from shocks and to foster the ecological transition necessary to achieve a net-zero emissions goal.

GAWA Capital particularly focuses on smallholder farmers because they are highly susceptible to climate impacts due to their dependence on the environment. Additionally, certain agricultural practices have the capacity to increase the on and above ground organic matter sequestering CO2, also contributing to overall climate change mitigation. Enhancing climate resilience for these farmers requires the widespread adoption of climate-smart practices, crops, and assets. GAWA reaches these smallholder farmers through its investments in Financial Services Providers (FSPs) and Agri SMEs.

Financial Service Providers play a pivotal role by providing the necessary capital for climate-smart investments aimed at supporting climate change mitigation and adaptation activities among low-income individuals and communities. These financial services can include loans, savings, insurance, and other financial products designed to help clients invest in sustainable practices, improve resilience to climate impacts, and reduce their carbon footprint. Core areas for climate lending are the financing of Water Management Systems, Resilient Crop Varieties, Bioenergy, Implementation of Soil Restoration or Agroforestry practices among others.

Besides, Agricultural SMEs also fulfil a crucial function in promoting climate positive agriculture practices among smallholder farmers thanks to their direct relationship and market linkages. The keyways in which Agricultural SMEs can foster climate-smart agriculture are by: providing access to quality inputs and assets like improved seeds or efficient irrigation systems, offering training and capacity building, facilitating access to finance, developing market opportunities or creating partnerships.



“Empowering small farmers with climate-smart tools and practices is essential for building resilience, reducing poverty, and promoting sustainable development.”

IRENE VÁZQUEZ
Principal of Investments

2.4 ZERO HUNGER

What: Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

Who: Farmers living in developing countries.

How much: 1,533 farmers are receiving finance for the implementation of climate adaptation & resilience solutions.³

3.4 MM EUR of investees' portfolios are linked to the implementation of climatic adaptation & resilience solutions.³

224 farmers partnering with Waycool with efficient irrigation systems implemented as of 31.12.2023.¹

Contribution: No contribution has been acknowledged yet as this is a new impact focus for GAWA Capital. During next year, GAWA will start to monitor its contribution to climate change adaptation and mitigation.

External risk – Exposure to climate change and rising temperatures that may alter their crops functioning, income and productivity

Mitigation – Improved farming practices by business ecosystem players. External risk – Exposure to climate change and rising temperatures that may alter their crops functioning, income and productivity

13.a CLIMATE ACTION

What: Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilizing jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalize the Green Climate Fund through its capitalization as soon as possible

Who: MSMEs in developing countries.

How much: 13,937 of investees' clients are implementing climate change mitigation solutions.³

15.8 MM EUR financing solutions that mitigate climate change.²

Has installed 178.7 kWh renewable energy capacity during 2023.³

Contribution: No contribution has been acknowledged yet as this is a new impact focus for GAWA Capital. During next year, GAWA will start to monitor its contribution to climate change adaptation and mitigation.

External risk – Exposure to climate change and rising temperatures that may alter their crops functioning, income and productivity

Mitigation – Resilient farming practices promoted by Waycool to its suppliers.

¹- SDG Indicator 2.4.1. (C020401), ²- SDG Indicator 13.a.1 (C130a02), ³- Internal indicator



CASE STUDY: CAURIE - MICROFINANCE

This case study is an illustrative example, aiming to add realism and depth by providing detailed information about the impact achieved by Caurie Microfinance.

Caurie is selected to highlight a successful example of microfinance as a tool to foster climate adaptation and to analyse the factors contributing to its success. The key question addressed is: “How to foster climate adaptation, and what lessons can be learned from this model?

INVESTEE OVERVIEW

Caurie is a savings & credit cooperative in Senegal founded by Catholic Relief Services (CRS) and Caritas Senegal in 1999. CAURIE has become one of the largest MFIs in Senegal, reaching >147.000 clients and >75.000 borrowers in 13 of Senegal’s 14 regions. It is predominantly financing women (96%) through mutually supportive groups called “Bancs Villageois”. It has also started offering individual credit (13%).

IMPACT

Caurie’s impact thesis focuses on empowering women through micro-lending, enabling them to start and grow their own businesses. A significant portion of these loans support agricultural activities, which are crucial for the beneficiaries.

Senegalese farmers are especially vulnerable to climate change frequently facing inadequate rainfall combined with soil degradation. Caurie is committed to address this high vulnerability and exposure of small-scale producers through its work.

Caurie has two products dedicated to small agricultural producers (group and individual) that besides offering financial resources, foster the adoption of Ecosystem Based Adaptation (EbA) solutions identified as relevant during the loan appraisal. The solutions are specific to the respective area, crop and climate vulnerability of the client informed by technology integrated in their systems. The main solutions being implemented are Drip irrigation, Soil fertility practices or Crop diversification.

Besides, Caurie has developed a green product portfolio with solar solutions (lamps, panels) and biodigesters for the generation of organic fertilizer and biogas gas for cooking.

GO TO SITE



GAWA'S CONTRIBUTION

Huruma Fund has provided Caurie with a 2.5-M-euro debt investment aiming to support their Agri portfolio, including its green solutions portfolio. Moreover, the Technical Assistance of Huruma Fund is implementing a project to disseminate the achievements of the MEBA project, in which CAURIE previously participated, and develop new products and procedures for the financing of ecosystem-based solutions for adapting to climate change to all CAURIE's Agencies, in accordance with local climatic realities. Caurie is receiving support to implement adaptation products through the YAPU software, which enables financial institutions to seamlessly digitize their loan processes, enhance risk management, develop green loan products, establish taxonomies for resilience measures and verify green credits so that financial inclusion is combined with effective climate change adaptation.

As main goals of the project, agricultural and specifically Ecosystem based Adaptation (EBA) portfolio is expected to increase, as well as number of agricultural clients, and new EBA products will be financed by CAURIE.

MAIN INSIGHTS

- There is an important lack of practical info and simple business cases for EbA solution implementation specially among farmer clients and loan officer that limits their widespread adoption.
- Total Green portfolio remains limited in terms of total size.
- Climate risks are still not fully integrated into the general risk assessment and management. Issues around the potential exclusion of the most climate vulnerable could arise.
- The full digitalization of credit and risk assessment process are still pending and would enable a much faster adoption.
- Reliable and widespread distribution of asset solution providers like Drip Irrigation Systems or Solar Energy remains a bottleneck for its financing and adoption.





4. TRANSFORMATION

ENGAGING ACTIVELY THROUGH TECHNICAL ASSISTANCE PROJECTS

4.1. CHANGE CATALYST AND IMPACT AMPLIFIER

GAWA Capital's investment strategy aims to deliver significant impact while transforming investees to amplify and catalyse their ability to generate positive outcomes.

This approach puts at the centre the need for change in socioeconomic systems to achieve the sustainable development goals, in contrast with focusing on funding incremental positive outcomes.

Microfinance Institutions (MFIs) and Small, Medium Enterprises (SMEs) play a crucial role in providing services to underserved communities in developing countries. However, these institutions face unique challenges when serving their clients due to the complexity of their operating environments.

GAWA provides non-financial contributions that seek to transform investees business to better serve vulnerable communities creating long lasting additionality. Besides, we measure and manage this change process by designing and incorporating transformative indicators at the investee and fund level.

These transformative KPIs try to capture key issues that if changed can unlock access to financial services and markets for excluded communities and subsequently improve their incomes and economic stability.

For example, in the Huruma Fund these indicators measure if the institution offers products designed specifically for agriculture or livestock farmers or if the products are adapted to cashflows generated by crops among others.

GAWA manages and catalyses transformation by engaging actively and implementing of Technical Assistance projects.

By engaging actively, GAWA proactively support and advocate for changes in line with the transformative goals. This might involve, for example, impact-linked rate rebates, promoting a shareholder resolution, joining the board, providing mentoring, or participating in industry-level initiatives. GAWA has a systematic engagement strategy and rationale and lays out tools and the expected effects.

The Technical assistance (TA) is a vital tool in addressing these challenges, enhancing MFIs and SMEs capacities, and improving their methodologies to offer more suitable products or enhance their capacities to foster economic resilience in these communities.

In collaboration with COFIDES and the European Union, GAWA Capital has established a Technical Assistance Facility (TAF) for the Huruma Fund, designed to act as an impact amplifier and change catalyser.

The primary objective of the TAF is to enhance the outreach and impact on farmer clients, addressing the challenges faced by microfinance institutions (MFIs) in reaching agricultural clients. By providing technical assistance, the Facility aims to strengthen investees' capacities and improve their methodologies to address the specific risks associated with agricultural clients and offer tailored financial products.

Agricultural value chain players, such as processors, distributors, retailers, and exporters, are critical in connecting farmers to markets and ensuring the smooth flow of agricultural products from farms to consumers. These players have the potential to create successful collaboration networks with farmers, integrating them into formal value chains and thereby stabilizing and improving their income. The Technical Assistance Facility (TAF) can play a pivotal role in catalysing these collaborations.



"Our transformation thesis works well because we combine impact and technical assistance. We measure & manage outcomes and develop TA projects with our investees so that they can improve their methodology and therefore, achieve long lasting impact."

MARTA JUSTE
Transformation Analyst



17.9 PARTNERSHIPS FOR THE GOALS

What: Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the Sustainable Development Goals, including through North-South, South-South and triangular cooperation

Who: MFIs and Agri-SMEs in developing countries.

How much: 8 investees are implementing capacity building projects

Contribution: The Technical Assistance Facility has contributed with 1.94 M EUR of financing towards capacity building projects in implementation.

Execution risk - Implementing partners and/or investees not delivering project activities as planned and thus desired outcomes not being achieved.

Mitigation - The TA Team does an in-depth periodic monitoring of projects and will travel to visit selected projects to ensure impact is occurring.

2.3 ZERO HUNGER

What: 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

Who: Farmers living in developing countries.

How much: 3 FIs are implementing value chains enhancement intervention.

Contribution: The Technical Assistance Facility has contributed with 1.29 M EUR of financing towards capacity building projects in implementation.

Drop-off risk - As value chain enhancement projects depend on external factors and long-term continuous support, there is possibility of impact not enduring once the TA project ends.

Mitigation - The selected value chain projects are delimited in order not to have many external factors affecting them and for the investees to receive knowledge transfer and have the ability to continue fostering impact once the TA project is due.

8.3 DECENT WORK AND ECONOMIC GROWTH

What: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

Who: MFIs in developing countries.

How much: 3 FIs are implementing agricultural readiness capacity building projects.

Contribution: The Technical Assistance Facility has contributed with 183k EUR of financing towards capacity building projects in implementation.

Alignment risk - Agricultural focus not locked into the Investee's business model once the TA project is over.

Mitigation - During due diligence, it is ensured that the investee has or is looking to have focus on smallholder farmers. While the project is being designed, the investee priorities and agricultural focus is discussed in order to design a project that addresses the entity's needs.

17.8 PARTNERSHIPS FOR THE GOALS

What: Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology

Who: MFIs in developing countries.

How much: 2 FIs are implementing a digitalization project.

Contribution: The Technical Assistance Facility has contributed with 460 k EUR of financing towards capacity building projects in implementation.

Evidence risk - Insufficient data to know if positive farmer impact is occurring.

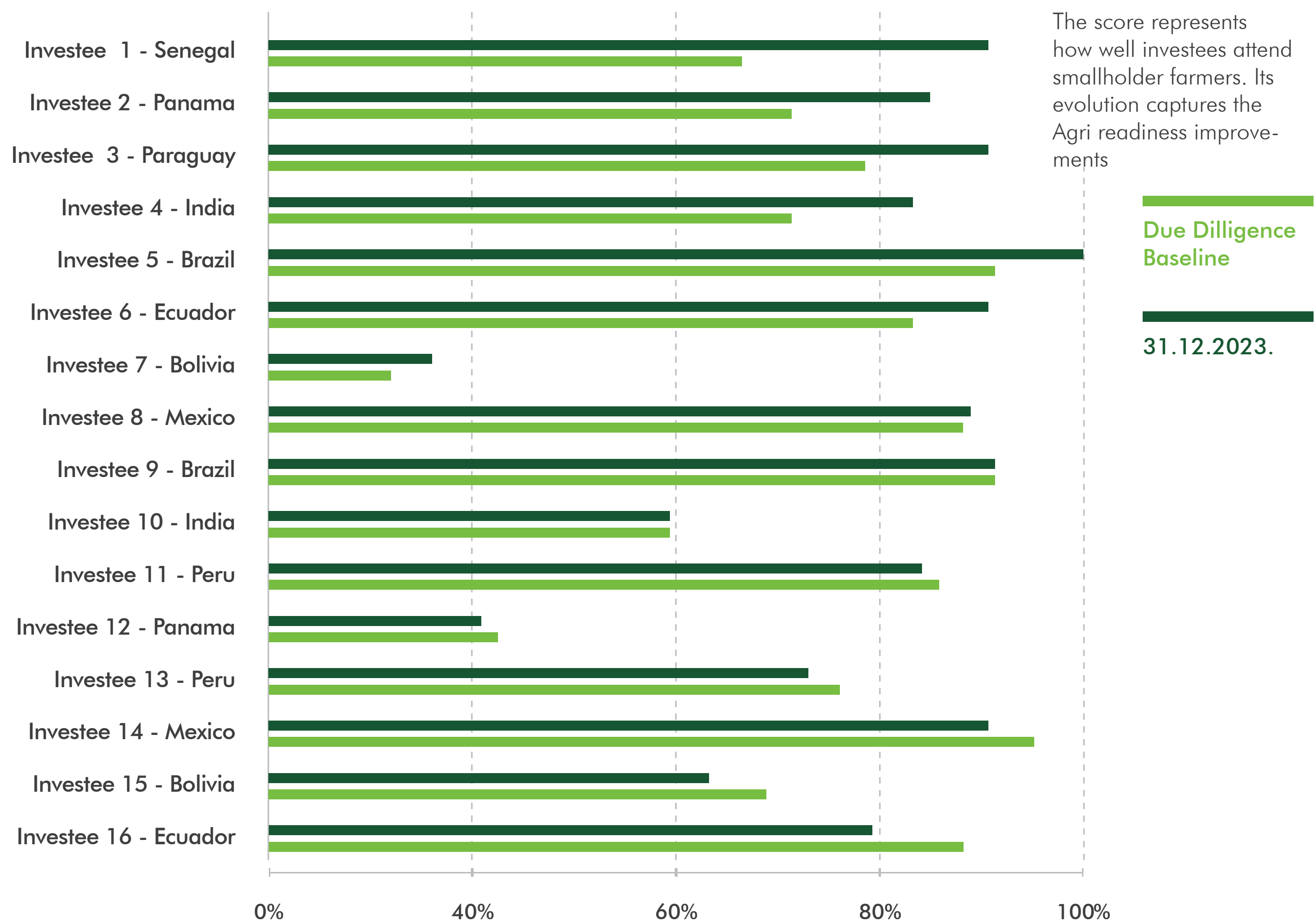
Mitigation - When digitalization projects are designed, there is always a goal related to farmers impact to ensure alignment with the objective of improving lives of smallholder farmers.

¹- SDG Indicator 2.4.1. (C020401), ²- SDG Indicator 13.a.1 (C130a02), ³- Internal indicator

The TA projects significantly influence Fund-level transformative metrics.

Within the transformative metrics, we calculate the Agricultural Readiness score of each investee. This is an internal scoring that captures the preparedness of each investee to reach smallholder farmers in terms of people, processes and products. Variables such as the degree of maturity of the agricultural financial product developed by the investee are measured.

The average investees’ score has increased from 68% to 72% since due diligence to date.



Investee 1 - Senegal: Improved agricultural readiness due to improved risk assessment adapted to farmers with climatic and production data sheets. Loan officers now provide climate risk awareness sessions and offer Ecosystem based Adaptation products to farmer clients.

Investee 2 - Panama: Improved its agricultural readiness by providing training to its loan officers on agricultural issues, generating specific agricultural client reports, setting farmer outreach targets, and conducting demand surveys to understand farmers’ needs. It is also in the process of developing an agricultural risk management system with TA from Huruma.

Investee 3 - Paraguay: Has a Agri portfolio growth of more than 5% and gave training to credit officials about agriculture. It is currently implementing green products with a focus on the energy, agricultural and livestock sectors.

Investee 4 - India: Further developed its specific loan products dedicated to promoting other environmentally-friendly practices and activities (Solar lights and WASH loans). The Board now receives reports on agricultural clients on a regular basis.

Investee 6 - Ecuador: New manual that establishes an Environmental and Social Management System and Social Management System to better address agricultural and livestock risks.

4.2. CASE STUDY: TRANSFORMING INVESTEEES

This case study is an exploratory example, aiming to identify patterns, provide initial understanding and seeking to uncover deeper insights that can be tested in the future.

Transforming investees is the process of amplifying impact and catalyse change through technical assistance and investment. This topic was selected as to highlight the challenges and importance of the potential long-term additionality and contribution of impact investments. The key question addressed is: "How to amplify impact and catalyse change, and what lessons can be learned from the initial phases?"

OVERVIEW

The Technical Assistance Facility of the Huruma Fund was established primarily to assist the Investees of the Huruma Fund by improving their agricultural readiness, their social performance systems and their general business as well as to assist end beneficiaries. The complementarity between the financial resources and the knowledge transfer help maximize the efficiency and impact of the Fund.

The overall goal, similarly, to the Huruma Fund, is to build capacity on investees so that they can serve more smallholder farmers and in a more inclusive and professionalized way. The Huruma TA deployment strategy is guided by its integration with the investment activity. The TA team joins the Investment team in the onsite due diligence, ensuring deep impact and financial potential analysis. Besides, TA projects are individual and customized. The initial need assessment and TA potential option are developed jointly with the investees during the due diligences process. Investees are involved in all phases and retaining decision power, from design to final consultant selections. Also, the investee will contribute a percentage of the cost of the project to ensure its full alignment with the TA intervention.

So far, 8 project have been approved with a total value of EUR 1.94 MM



"Achieving transformational change can be tough. Aligning incentives, on-the-ground design work and outstanding local consultants are crucial."

JOSÉ GARCÍA
Transformation Director



MAIN INSIGHTS

- TA Facility set up and establishing of operational guidelines entailed a long process.
- Smooth collaboration between TA and Investment teams leads to better project performance & impact. TA milestones for investment renewals/rebates is an effective tool.
- There is a strong potential for project replicability: particularly in the context of agricultural readiness.
- The TA team gaining from structured training programs: transformational change & associated competencies.
- Implementing transformational change can present difficulties. Investees might prefer incremental changes with less internal effort. TA sometimes sought general business improvement instead of agricultural readiness.
- Important to prioritize needs of investees, who lead the co-design & hiring processes. While TA priorities exist, ultimate decision-making about the TA project is left to the institutions.
- Structured project diagnosis led by local consultants helps weaker institutions thoughtfully assess their needs, leading to stronger and more impactful projects.
- On-site visits are essential to grasp the institution's and its clients' genuine needs.
- Collaboration between international partners & local consultants on the ground is valuable.
- Increased on-site visits of TA team to address complexities in project planning caused by geographical & cultural differences.





5. OUR NETWORK

JOINING EFFORTS TO INCREASE IMPACT

5.1. PARTNERS AND ALLIANCES

Thanks to our partners and alliances, GAWA Capital is able to mobilize and deploy public and private capital to generate positive social and environmental impacts.

Key to our impact investing approach is the Blended Finance concept where public or philanthropic capital is used to reduce risk and enhance returns, thereby attracting private investment into high-impact areas that might otherwise be overlooked.

COFIDES and AECID, supported by the European Commission have been a cornerstone of this approach, in particular in our latest fund (Huruma), 30 EUR MM of public resources were invested that helped mobilized EUR 90 MM of private capital.

Besides, our alliances play a crucial role in fostering collaborations that drive the creation and dissemination of knowledge, innovative investment strategies, and valuable tools and resources. These alliances are instrumental in accelerating the shift towards a new economic model, where social and environmental impacts are embedded in every economic and financial decision.

Our main partners and alliances are detailed below:



AECID (Fonprode)

The Spanish Agency for International Development Cooperation (AECID) is responsible the public spanish cooperation for sustainable development, humanitarian action, and education for sustainable development and global citizenship.

FONPRODE is an instrument of Spanish International Cooperation with the primary aim of eradicating poverty, reducing social inequalities between individuals and communities, while promoting gender equality, protection of human rights and sustainable human development in poor countries. FONPRODE has invested in GAWA's second fund - Global Financial Inclusion Fund - and in GAWA's third fund - Huruma Fund - via EUR 20 M in concessional debt.



COFIDES

Compañía Española de Financiación del Desarrollo, COFIDES, S.A., S.M.E. is a state-owned company engaging in the management of State and third-party as well as its own funds, pursues a number of aims: internationalisation of Spain's economy, furtherance of economic development and fortification of the solvency of companies affected by COVID-19. In addition to the Spanish State, its shareholders include Banco Santander, Banco Bilbao Vizcaya Argentaria (BBVA), Banco Sabadell and Development Bank of Latin America (CAF). COFIDES is managing the EU funds granted to GAWA's third fund - Huruma Fund - in the form of a EUR 10 M first loss facility and EUR 8 M of Technical Assistance.



European Commission

The European Commission is executive body of the European Union, through which the latter participates in the Huruma Fund. The European Union is committed to sharing its achievements and values with countries and peoples beyond its borders. Huruma Fund was the first project presented by Spain to the European Union to mobilize first-loss investment and the technical assistance facility.



UNPRI

The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors and support its international network of investor signatories in incorporating these factors into their investment and ownership decisions



"We strongly believe in SDG 17. By connecting through networks and forming alliances, both in the public and private sectors, we can drive real change through collaboration and collective effort, and generate a greater impact globally."

MARÍA DE PALACIO
CFO/CRO



5



SpainNAB

SpainNAB is the national impact investing association that represents Spain on the Global Steering Group for impact investing (GSG), the international organization successor of the G8 Impact Investing task force. In its effort to contribute to the growth of the Spanish impact investing sector, GAWA Capital was founding member of SpainNAB, actively contributing to Spain's adherence to the GSG. Once Spain became member of the GSG, GAWA Capital currently leads the impact funds' taskforce, authoring three toolkits (blended finance, distribution of impact products, and impact measurement and management) that contributed to quadruple Spanish impact investing funds' assets under management in just two years.

6



The Global Impact Investing Network (GIIN)

The Global Impact Investing Network (GIIN) is a non-profit organization dedicated to increasing the scale and effectiveness of impact investing. By convening impact investors to facilitate knowledge exchange, highlighting innovative investment approaches, building the evidence base for the industry, and producing valuable tools and resources, the GIIN seeks to accelerate the industry's development through focused leadership and collective action. The GIIN is currently a sponsored project of Rockefeller Philanthropy Advisors. GAWA Capital is part of The GIIN's Investors' Council, where leading impact investors gather. This Council provides a forum for experienced impact investors to strengthen the practice of impact investing.

7



Joint Impact Model

The Joint Impact Model (JIM) is a membership alliance that explores how to align approaches on indirect impact modelling. Using input data such as revenue and power production from investment portfolios, the Joint Impact Model estimates financial flows through the economy and its resulting economic (value added), social (employment) and environmental (greenhouse gas emissions) impact.

8



Net Zero Asset Owner Alliance

The UN-convened Net Zero Asset Owner Alliance (NZAOA) is a member-led initiative of institutional investors committed to transitioning their investment portfolios to net-zero GHG emissions by 2050 – consistent with a maximum temperature rise of 1.5°C. The Alliance members are the finance industry's first to set intermediate targets, which include CO2 reduction ranges for 2025 (22% – 32%) and for 2030 (40% – 60%)

9



Scale for Resilience

Scale for Resilience is an initiative co-originated by GAWA Capital, YAPU Solutions and CGIAR to make smallholder farmers around the world more resilient, by leveraging the benefits of Nature-based Solutions (NbS). To achieve this, "Scale for Resilience" addresses all parts of the financial value chain and seeks to create the conditions to finance NbS on a large scale by promoting digital tools.

10



SAFIN

The Smallholder and Agri-SME Finance and Investment Network (SAFIN) is a global community of over 50 institutions, designed to bridge the silos among the providers, seekers and enablers of agri-SME finance. We share a vision of more inclusive and effective financial ecosystems that meet the financial and non-financial needs of small and medium agri-entrepreneurs – women, men, and youth – empowering them to grow sustainable and resilient businesses. SAFIN offers its members a dynamic space for knowledge sharing, advocacy and co-creation around initiatives with the potential to move more capital towards agricultural SMEs.

11



CSAF

The Council on Smallholder Agricultural Finance (CSAF) is a forum for lenders to share learning, develop industry standards and best practices, and engage other stakeholders to address barriers to market growth and impact.

5.2. NETWORK MAP



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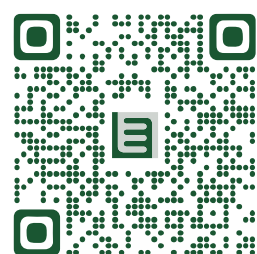
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for more information

