



Female staff from portfolio and grantee coconut processing company in Kenya.

# alphamundi

FOUNDATION

## Impact Report 2020

[www.alphamundifoundation.org](http://www.alphamundifoundation.org)



Smallholder farmer portfolio grantees in Zambia

# Our Mission and Activities



The mission of AlphaMundi Foundation (the “Foundation”) is to improve the lives of the poor by scaling private investment in social enterprises. The Foundation provides targeted pre- and post-investment technical assistance (TA), gender-smart advisory and support for impact measurement processes to achieve our goals. Additionally, the Foundation is committed to bringing impact investing into the mainstream, so we also spearhead research initiatives, deliver tailored trainings, sponsor convenings and collaborate with a broad cross section of stakeholders aligned with our mission.

In fiscal year 2020, the Foundation’s sister company, AlphaMundi Group (the “Group”), managed investments in 30 companies across Africa and Latin America (see map above). Six new companies were added to the portfolio in 2020 and two exited. AlphaMundi works with companies that are at a critical developmental juncture, where targeted support can deliver substantial added value and attract more private capital investment, thereby scaling both the business and its impact.

AlphaMundi Foundation’s activities are aligned with several UN Sustainable Development Goals (SDGs, see next page). In 2020, we not only continued to support portfolio companies of the AlphaMundi Group, but also expanded our reach through public-private partnerships to work with other growing social enterprises. We scaled activities under the Powering Agriculture Investment Alliance (pages 5 and 6) and ramped up our gender lens investing efforts by spearheading the G-SEARCH initiative and kicking off business first, gender-smart interventions with nine portfolio companies (pages 10 and 11).

25%



Food

15%



Renewable Energy

18%



Microfinance Institutions

14%



Agriculture

18%



Fintech

2%



Other\*



# Our Portfolio Impact in FY 2020

## 1 NO POVERTY



- **399,156 direct clients** and approximately **1.5M beneficiaries** were served over the course of the fiscal year in total by portfolio companies, with goods and services designed to enhance income and lift families out of poverty. We estimate that AlphaMundi's investment is responsible for the incremental impact of **46K of the total clients**.<sup>1</sup>
- Approximately **80% of clients were rural**.
- **89,109 clients had income-enhancing loans** from MFIs at the end of the fiscal year, representing a net increase of **281 new clients** from 2019.

## 5 GENDER EQUALITY



- Over **1,703 women were employed** by portfolio companies, representing approximately **43% of total staff** and an increase from 35% in 2019.
- Over the course of 2020, **female clients represented 54%** of the total client base. Women and children represented a majority of indirect beneficiaries.<sup>2</sup>

## 7 AFFORDABLE AND CLEAN ENERGY



- Approximately **45,029 new renewable energy systems** were installed by our energy companies over the course of the year and during the time of our investment, **reducing CO2 emissions by over 26,000 metric tons**. New loans from AlphaMundi directly financed an estimated **7,000 new renewable energy systems** (home solar, biogas, and solar irrigation product offerings).
- More than **210,626 total clients used a home solar system** from one of our portfolio companies.

## 8 DECENT WORK AND ECONOMIC GROWTH



- Portfolio companies employed **3,993 full-time employees** and provided at least baseline benefits for all staff. This is the second highest number of employees supported in AlphaMundi's 10-year history.

## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



- Over **44,046 supplier farmers** and **2,413 employees** worked for our portfolio companies in food and agriculture. This represents a net increase of 22% for both farmers and employees.

1. To ascertain AlphaMundi's direct impact, we multiply the percent of our debt for each company by the total number of clients served by each portfolio company. On average, AlphaMundi debt investments represent 20% of the company's outstanding debt.

2. Three agriculture companies did not disaggregate clients by gender and just reported on smallholder farmers.

# COVID-19 Response

Small and medium enterprises (SMEs) in emerging markets faced unique challenges before COVID-19. In contrast to their Western counterparts, SMEs don't benefit from the luxury of government bailout packages and cash flow relief. In the early days of the pandemic, the AlphaMundi team reached out to all portfolio and grantee companies to understand the companies' most critical needs and identify possible ways to support either via restructuring of current funding or additional catalytic support. The Foundation has repurposed over USD 500K of technical assistance funding for broader COVID-relief support as SMEs continue to experience the direct and ripple effects of the pandemic. Illustrative examples of Foundation support are included below.

GET IT is a Rwandan-based business that connects frontier market farmers, producers, and manufacturers to commercial kitchens. As a food service distribution company, the majority of GET IT sales are from local commercial kitchens, hotels and restaurants. Due to COVID-19 and the nationwide quarantine effective March 21, sales have sharply decreased.

To support GET IT as they respond to COVID-19 impacts, the Foundation is assisting the company to pivot their business model to better serve export market clients and to incorporate renewable energy solutions across their operation.



GET IT goods ready for delivery.



REDAVIA is a German based company that provides on-site solar farms to businesses in Ghana, Kenya, and Tanzania to supplement utility grids or on-site diesel generators. They offer long-term lease contracts to their clients and manage the installation, maintenance, and related upfront costs.



REDAVIA client in front of solar panels.

With support from the Foundation, REDAVIA will provide subsidized solar equipment leases to benefit four, financially stable, companies in the hardest hit and system critical agricultural sectors in Ghana and Kenya that have been impacted by COVID-19. The initiative is part of REDAVIA's broader, USD 2M COVID-19 Resilience Program leveraging resources from a broad cross section of stakeholders to support REDAVIA clients and partners during the COVID-19 crisis.

***"We are thrilled that, with the support of the AlphaMundi Foundation, we can help system-critical companies in Ghana and Kenya get through the COVID crisis and gain a head start on the subsequent green economic recovery."***

*- Erwin Spolders, CEO of REDAVIA*



# Renewable Energy for Productive Use

In April 2018, the Foundation joined the Powering Agriculture Investment Alliance (the “Alliance”), with the goal of catalyzing USD 15M+ in private investment over the next five years. To date, the Foundation has catalyzed USD 14.8M in private sector investment capital and achieved the following accomplishments below as of June 30, 2020.\*

## Key Results to Date

**14.8**

USD million of investment catalyzed

Foundation targeted technical assistance and COVID-19 relief has catalyzed 14.8 million in private sector investment.

**622**

USD thousand leveraged

As a requirement for grant funding, SMEs are providing cash and in-kind distributions.

**24**

Projects launched or completed

This support has included commissioning feasibility studies, supporting new market research, and R&D grants, among others.

**21**

SMEs participating

SMEs focus on providing clean energy solutions that increase agricultural productivity in emerging markets.

**9**

Countries

Colombia  
Kenya  
Madagascar  
Mexico  
Nicaragua  
Rwanda  
Tanzania  
Uganda  
Zambia

POWERING AGRICULTURE:  
AN ENERGY GRAND CHALLENGE FOR DEVELOPMENT

Grantee company photo of working area in Madagascar.

## Grantee Highlight



Packaged coffee bean bag ready for export.

## lohas beans

Lohas Beans is a sustainable Certified Organic and Fair-Trade Specialty coffee exporter based in Colombia. The company has transformed the way small, local coffee growers connect to the international marketplace. Lohas Beans does this by using an association-based model with institutional training, transparency, protection, and fair pricing, built through consistent coffee quality standards that meet third-party Voluntary Sustainability Standards (VSS), which is key to the premium marketplace.

With support from the Foundation, Lohas Beans is conducting a solar powered feasibility study that will transform their milling facility in Santa Marta, Colombia, to a clean energy facility. Through this, the company hopes to realize reduced processing costs, improved efficiencies to their overall coffee processing value chain, and enhanced support farmer associations in their network.

## Sample Projects



Amped Innovation's solar powered freezer prototype on site with focus group participants.



Good Nature Agro is a Zambian based social business that helps improve the welfare of smallholder farmers by growing high-value seeds for premium markets. Their approach of providing training, access to inputs on credit, and a secured off-take market for crops produced, has proven to earn farmers 3X of their incomes compared to traditional monocrop growth of maize.

With support from the Foundation, Good Nature is conducting a solar product feasibility study to pilot with smallholder farmers with the aim to increase the number of productive seasons made possible with irrigation. The target for the initial pilot is to scale to 100+ farmers in 2021, enabling Good Nature Agro to expand solar irrigation across their network of farmers and further increase their impact.



Amped Innovation designs and manufactures solar home systems with 6x the power handling capacity of competing lighting systems at just a third of the cost. Its strategy uses fewer but higher quality components, allowing for savings without sacrificing performance. The Foundation provided an R&D grant to Amped Innovation to support the development of a solar powered fridge (freezer) to help clients preserve perishable goods. This support will enable Amped Innovation to launch an optimized product for the off-grid market segment, delivering high performance at an affordable price.



Good Nature Agro smallholder farmers with their seeds.

***"Zambia's smallholder-dominated agriculture economy is already a net exporter of many critical crops but being limited to one rainfed season per year has remained a major limitation for these off-grid farmers seeking to permanently break out of the cycle of poverty. Using solar-powered irrigation to add a second season of crop production has immense and obvious potential for furthering Good Nature's mission."***

*– Carl Jensen, CEO of Good Nature Agro*

## Looking Ahead

The Foundation will continue to support grantees as they respond to COVID-19 while also working towards the objectives of the Alliance.\*



## Feedback from our Portfolio

The Foundation issues a survey to portfolio CEOs biennially to gather feedback, insights and opportunities for improvement on our role as an investor and partner. We would like to highlight the following results below.\*

### Our Value Add to Investees:

100%

Portfolio CEOs report valuing their relationship with AlphaMundi.

80%

Strongly agree or agree that AlphaMundi's structuring was more flexible than other investors.

57%

Report that AlphaMundi's investment helped catalyze additional financing.

### Promoting Gender Equitable Businesses:

96%

Report having implemented parental leave in their company's structure.

87%

CEOs report that they have established equal wages for women and men.

83%

CEOs state their companies are operating with a gender lens.

Employee of grantee and portfolio Kenyan coconut processing company.

*"Throughout the course of our long-term relationship with AlphaMundi we have grown to consider them one of our most reliable and valued lenders."*

– CEO, INSOTEC

*"AlphaMundi took time to understand our business operationally and provide feedback that was valuable to the business growth – other investors haven't done this."*

– CEO, Kentaste Products Limited

# Improving Livelihoods

## Stories from the Field

Founded in 2013, All Across Africa is a US B Corp-certified company that accelerates artisan integration into the global economy by facilitating access to foreign markets for their products. They design and produce unique home décor products, hand-made by female artisans in rural Rwanda, Uganda, and Ghana. Their brand, KAZI, has products made by more than 3,600 employed female artisans. All Across Africa has been a part of the AlphaMundi portfolio since June 2018.



Seraphine, a KAZI artisan, who has been working with All Across Africa for seven years.

*"I feel proud when I see that due to my weaving, all of my seven children are grown up and finishing studies to the level I didn't reach. I was lucky to go to school for six years, but due to limited resources at home I had to drop out when I was 14 to find a job. Joining KAZI changed my life. KAZI allows me to sell for better prices, participating in price negotiations, and get paid all at once—which lets me plan for monthly expenses and savings. In the seven years I've been working with KAZI, I've been able to make more than enough money to satisfy my basic needs and children's educations."*

*I was able to take out a loan to build a new house, pay school fees for all seven children, and that's not all—I actually have money to invest in different things like land for farming, livestock, renovating my house and electricity. Baskets are our stamp of culture and tradition, and now development. Baskets bring hope to our future...it's bright."*

- Seraphine, KAZI Artist (pictured)



Fundación Espoir is an Ecuadorian microfinance institution founded in 1992 that offers services to low income microentrepreneurs. The company specializes in communal banking and integrates health and education services for its clients. Espoir has been a part of the AlphaMundi portfolio since June 2019.



Zoila Bermello, one of Espoir's clients is pictured above with one of her two fishing boats.

Zoila Bermello is an Espoir beneficiary. Nine years ago, she had only one fishing boat, however thanks to Espoir's loans and support, she now has two fishing motorboats. This has allowed for stability in her business and to contribute to the wellbeing of her family. Throughout COVID-19, Zoila has been able to continue fishing and, through sales from her business, she has been able to pay debts, provide food for her household, and share sustenance with her neighbors.

*"I sell bonito, albacore, marlin, swordfish, and thresher, where traders buy it directly in the Jaramijó dock. My success story is that I know about fishing and thanks to Fundación Espoir I've got two fishing boats and a fishing net."*

- Zoila Bermello, Espoir Beneficiary (pictured)



# Improving Livelihoods

## Stories from the Field



Kentaste Products Limited (Kentaste) is Kenya's leading manufacturer of coconut-based products and is based along Kenya's coast in Ukunda, just south of the major port of Mombasa. The company focuses on processing retail food for products (oil, cream and milk) from coconuts and coconut oil processing for export. They source coconuts from a network of over 2,000 Organic and Fair-Trade certified smallholder farmers. Kentaste has been an AMG portfolio company since April 2018 and has received 2 grants from the Foundation.



Kentaste client's, Omar Salim Mwatsama, cross breed calf bought through Kentaste's farmer's advance.

Omar Salim Mwatsama (pictured) is a registered farmer member of Kentaste from Kigaleni Village of Kinondo, located in Kwale County. He started working with the company in October 2013 and owns a four-acre plot of land with 100 coconut trees that produce approximately 10,000 coconuts annually (worth ~USD 1,200). Since joining Kentaste, he has benefitted from reliable market prices and continuous support from the team with frequent visits and trainings on topics including organic farming, waste management, water and sanitation, all of which has increased his productivity and profitability.

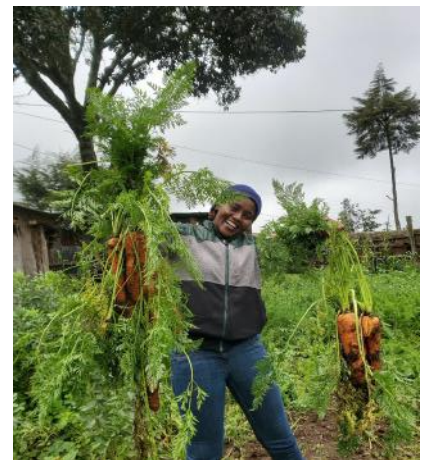
Omar also received farm advances from Kentaste which he has used to pay college arrears for his brother, buy a cow, improve his coconut field farm hygiene, and pay school fees.

Sistema.bio was founded in 2010 in Mexico. The company manufactures, sells and finances an award-winning waste and resource management system that is economically accessible and technologically advanced. Their key innovation is reimagining biodigesters as high-quality, modern durable goods. From their factory, they distribute a turnkey package globally that can be installed in hours.

Mitchell (pictured right) is a female sales agent for Sistema.bio. She started working with the company in November of 2019 and participated in the company's Hub training in Githunguri, closing her first sale on the same day. Because of her work she is able to contribute to her family's income, while improving her client's farms.

***"She [Mitchell] connects quickly with farmers, knows how to use the sight seller well and is extremely confident in the field."***

*- Jes Carey, Sistema.bio Field Coach*



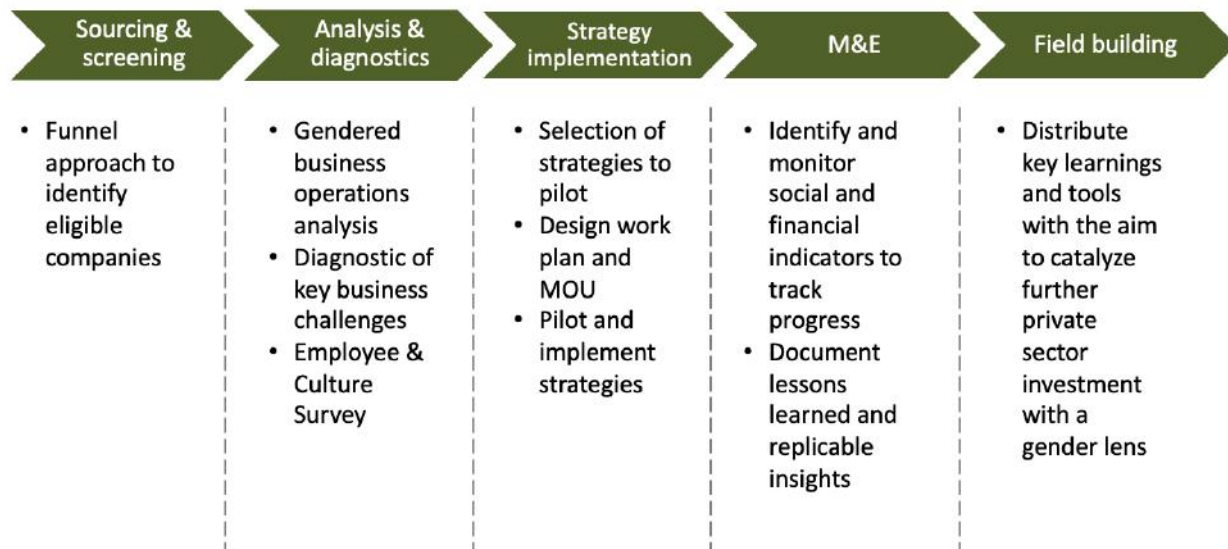
Mitchell, Sistema.bio female sales agent, harvesting carrots for a client to clear the location for their biodigester.

# Embedding Gender as a Core Business Principle

## Our Approach

At AlphaMundi, we seek to embed gender-smart practices in the DNA of companies at an early stage, empowering women at all levels of the organization and ultimately delivering enhanced social and financial returns. With support from USAID's INVEST Program – an initiative that mobilizes private capital for better development results - and in partnership with Value for Women, the Foundation is currently supporting business first, gender-smart technical assistance interventions with 9 portfolio companies.

Our process to collaborate with companies to embedding gender-smart practices across their business is outlined in the graphic below.



Looking forward, customized strategies will be piloted over the next 12 months. The Foundation looks forward to sharing insights and results in Q4 2021.

## Participating Portfolio Companies



Founded in 2016, Sempli is a Colombian company providing an online lending platform to provide local SMEs with loans between USD 10k-200k and responses to grants within 72 hours. Sempli is a key player in the SME financing sector in Colombia and has financed more than 660 SMEs to date, with 76% of women in managing positions. The company has been in the AlphaMundi portfolio since December 2018.

By participating in this project, the Foundation will work with Value for Women to implement gender-smart strategies focusing on conducting market research that will better define Sempli's women-led SME segment, and then piloting an advertising campaign and non-financial services for this target segment.



Twiga is a Kenyan company founded in 2014, offering a tech-enabled marketplace for fresh produce and a range of processed foods. They provide informal vendors in Nairobi access to better quality food at a lower cost and have since become Kenya's largest distributor of fresh produce. Twiga sources quality fresh and processed food from thousands of farmers and food manufacturers that is then delivered from their pack house to thousands of vendors at fair prices.

Under this project, Twiga will implement strategies on market research data for product development and support with a gender lens, test segmented marketing messages to reach more women vendors, and increase women's participation in leadership and decision-making.



# Building the Business Case for Our Approach with G-SEARCH

The Gender Smart Enterprise Assistance Research Coalition (G-SEARCH) comprises a group of six, like-minded, impact investors committed to investing with a gender lens. Consortium members include Acumen, SEAF, Root Capital, AHL Venture Partners, and Shell Foundation.\*

Who Are We?

What Are We Doing?

We support our respective portfolio and priority pipeline companies with grant capital to integrate gender considerations across their business model. As part of G-SEARCH, and with support from Canada's International Development Research Center (IDRC) and USAID, we are partnering with a research institute to build the evidence base and business case for this approach.



*"We are honored that IDRC is supporting G-SEARCH and collaborating with a consortium of five lead impact investors to embed gender in the business model of social enterprises. The knowledge that will be generated and shared will be an important contribution to the sector to address inequalities and create a more sustainable economy."*

- Carolina Robino, Senior Program Specialist, Canada's International Development Research Centre

Since kicking off activities in January 2020, G-SEARCH issued a global Request for Proposals (RFP) and selected the William Davidson Institute at the University of Michigan (WDI) as our research partner. The consortium has worked with WDI to develop the research approach and frameworks that will guide data collection, analysis, and final deliverable development. G-SEARCH has also recently expanded the number of participating SMEs that will feed into the data set from 15 to 30+; and engaged the broader community by conducting interviews with key stakeholders to solicit preliminary feedback on our approach.

Progress to Date

What's Next?

In the coming months, G-SEARCH will focus on data collection and analysis with the goal to develop a final report, toolkit, and case studies to share replicable insights and lessons learned with the community and further the evidence case for investing with a gender lens.\*





## Partnerships for the Goals

In order to create a greater impact, AlphaMundi shares lessons learned from our initiatives to accelerate the development of the impact investing field. This is part of our work towards the UN's SDG 17: Partnerships for the Goals. In the past year, AlphaMundi participated as an active contributor and collaborator with the following initiatives:



AlphaMundi is a founding member of Swiss Sustainable Finance (SSF), a non-profit association created in 2014 to promote sustainability in the Swiss financial market and strengthen Switzerland's position as a world leader in sustainable finance.



Toniic is an international group of impact investors promoting a sustainable global economy and working together to increase the velocity of money in the impact investment field. AlphaMundi is a member and the Foundation sponsored Toniic's T100 Project, a multi-year study of the portfolios of 50+ members of the Toniic 100% Impact Network.



The Aspen Network of Development Entrepreneurs (ANDE) is a global network of organizations that provides support services to small and growing businesses. AlphaMundi has been an ANDE member since 2018 to contribute to the broader small and growing business ecosystem development by speaking on panels and contributing to industry research.



The Global Impact Investing Network (GIIN) is the global champion of impact investing, dedicated to increasing its scale and effectiveness around the world. AlphaMundi has been a member of the GIIN for seven years, contributing through participation in industry networks and events, research, market data, and publications.



The Impact for Breakfast Club is an informal gathering of people from family offices, foundations, funds, venture philanthropy as well as advisory and intermediary organizations with a common focus on greater efficiency and learning in the collective quest to support and invest in social enterprise and entrepreneurship. The AlphaMundi Foundation is a co-founder of the Impact for Breakfast DC Chapter.



Value for Women is a specialized advisory firm helping organizations advance gender inclusion. They work with governments, financial institutions, NGOs, business, and corporate foundations to bring a gender lens to business practices and create practical, cross-sector solutions for sustainable change and tangible results for businesses.





Foundation grantee clients in Madagascar.

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### **Contribute:**

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