

IMPACT REPORT 2023

truvalu.
✚✚
✱✚



TABLE OF CONTENTS

A message from our directors	3
Introduction to this report	5
Truvalu at a glance	7
Truvalu (management) team	9
Truvalu's Theory of Change	14
TruSTORY: SEVI	19
Investment portfolio	22
TruSTORY: Classical Handmade Products	24
Impact results 2023	27
GLI: Interview Sharawat and Machteld	39
Timeline of events	42
TruSTORY: Access to Green Finance	44
Truvalu Learning: Bangladesh	46
Truvalu learning : Key take aways	47
Truvalu Learning: Colombia	52
TruSTORY: Cocina soluciones	54
Looking ahead	56



A MESSAGE FROM OUR DIRECTORS

Dear entrepreneurs, investors, partners, and other stakeholders,

Welcome to the Impact Report 2023 of Truvalu, where we reflect on the journey we've embarked upon over the past year. In this report, we are proud to share the milestones achieved, the collaborations forged, and the impact realized through our collective efforts in advancing sustainable development and impact investing. This year's report takes a broader scope, encompassing more than just Truvalu Enterprises 1 investments..

A new Theory of Change and impact measurement approach

2023 presented a year of compounding challenges. The ongoing war in Ukraine and the conflict in Gaza cast a shadow over global stability, with ripple effects felt in financial markets and the availability of essential resources. A worrying decline in worldwide investments threatens progress towards the UN's Sustainable Development Goals (SDGs). Extreme weather events, exacerbated by climate change, devastated communities worldwide, disproportionately impacting the most vulnerable.

Despite these daunting realities, opportunities for positive change remain. Businesses can play a vital role in promoting sustainability and fostering resilience in emerging markets. Through innovative approaches and collaboration, we can jointly navigate these turbulent times and lay a foundation for a more equitable and sustainable future.

As we navigate the evolving landscape of impact investing in emerging economies, particularly within the 'missing middle,' we are constantly reminded of the challenges inherent in our journey. While we celebrate our achievements, as you will read in this report, we remain humble in the face of the challenges that lie ahead. The challenge is to get capital to where it's needed most. Blended finance is helping the public, private and nonprofit sectors achieve impact in projects that would otherwise be very difficult to get off the ground.

Extrapolating our ambition statement

After seven years of experience, we recognized the need to adapt our strategy in a rapidly changing world. In 2023 and the first half of 2024, we embarked on a journey to refine our Theory of Change (ToC) and craft a bold new Ambition Statement. We engaged all Truvalu staff members, external stakeholders, and utilized insights from other sources, such as the Collaborative for Frontier Finance (CFF) meet-up in November 2023.

Updates reflect our commitment to create value in our focus markets (Bangladesh, Colombia, and Kenya) and our unwavering belief in a more sustainable future where SMEs and all actors in their value chains can thrive. This report is a first look at our evolving Theory of Change, demonstrating the activities we have invested in and their results. We remain committed to continuous learning and improvement, ensuring our work drives ever-greater impact for SMEs and a sustainable future.

New impactful initiatives

In line with our ambition, 2023 was characterized by new impactful initiatives. We launched the Access to Green Finance for SME Programme in Bangladesh. This is a pioneering initiative aimed at catalyzing environmentally sustainable practices (small-scale green solutions for businesses and communities), addressing the financing and business development needs of SMEs. We aim for marginalized populations, communities and the overall ecosystem in Bangladesh having improved economic opportunities and resilience through the enhancement of green financing and capacity of SMEs to develop and deliver climate-resilient solutions.

Additionally, our dedication to gender equality was exemplified through our Gender Lens Investing (GLI) activities, which empower gender-focused and women-led enterprises and promote gender-responsive investment strategies. Globally, we not only work with women-owned and led companies, but also started to support the integration of gender into SMEs' strategies, policies, management systems and operations. We developed a GLI strategy which will guide our offices in piloting, testing, and learning from GLI approaches and tools. It will also support the process of gender inclusion, conduct country- or sector-specific research with in-depth case studies regarding the business case of GLI, and facilitate networks of women leaders from our investee network. This network will allow for sharing insights and learnings related to female entrepreneurship, GLI, gender impact metrics, and adopting gender-friendly and inclusive policies.

Our team

The year 2023 marked a significant chapter in our journey for various reasons. At the beginning of this year, we welcomed Machteld Ooijens as a new partner in our company. Machteld brings a passion for connecting people, entrepreneurs, and innovations to create equal opportunities for entrepreneurs, their employees, and those within their value chains. Through strategic alliances with financial institutions, NGOs, governments, and academic institutions, as Global Director of Partnerships & Programs, she endeavors to foster meaningful change and create sustainable outcomes. In addition to her role in continuing and building partnerships and programs, Machteld is co-responsible for managing our company, and oversees our communications & impact learning initiatives, ensuring that our efforts are effectively communicated and that we continuously learn and evolve in our approach.

At the end of 2023 we expressed our gratitude to Maarten Hasselman for his leadership as Managing Director of our Kenyan office. Thanks to his efforts, we managed to establish our office in Nairobi, as a subsidiary of Truvalu BV, and to build a good track record with investments in Kenyan agri SMEs. We are delighted to introduce our esteemed community to the newest member of our leadership team, Maarten's replacement as Managing Director for Kenya, [Peter Owaga](#). With a deep understanding of the local context and a passion for driving change, our new Managing Director brings invaluable insights and leadership to our efforts in Kenya, propelling us closer towards our shared vision of inclusive prosperity.

We were able to expand our team capacities in Bangladesh with enthusiastic and committed new professionals, and through an intensified collaboration with Trulab in Colombia, Truvalu Colombia managed to provide co-entrepreneurial support to SMEs in our portfolio.

We hope the insights and impactful results from this annual report inspire you as much as they inspire us to keep focussing on access to finance and Business Development Services for agriSMEs in emerging markets. We are deeply grateful for the continued support and partnership of our investors, investees, stakeholders and country teams, whose commitment fuels our determination to push boundaries, innovate solutions, and amplify impact. Together, let us harness the power of finance for good, creating true value for communities, economies, and the planet.

Thank you for your trust, your partnership, and shared vision and for joining us on this journey.

Warm regards,

Jaap-Jan Verboom & Machteld Ooijens



JAAP-JAN VERBOOM
Founder & Director



MACHTELD OOIJENS
Director Programmes and Partnerships

AN INTRODUCTION TO THIS IMPACT REPORT

We are pleased to present to you the impact data for the past year, alongside our lessons learned and insights from our company's operations. As investors of capital and agents of change, we understand the importance of sharing both our successes and challenges and invite others to provide feedback, and seek for collaboration with us as we collectively strive for greater impact. We acknowledge that the impact reported in this report cannot be fully attributed to Truvalu's investments, but we are convinced that our support has significantly contributed to it.

A new Theory of Change and impact measurement approach

The year 2023 marked a period of introspection and innovation, as we embarked on a journey to redefine our strategy which we finalized in 2024. We did so by developing a **Theory of Change** (ToC). This is a framework that outlines the impact we strive for, the changes we foresee and how this will happen (see [page 15](#) for a visual presentation and [pages 16-18](#) for our narrative).

We are excited to share our progress and insights with you, underscoring our commitment to transparency, accountability, and continuous improvement. The development of the ToC was instrumental in designing our new strategy as well as our Impact Measurement and Management Framework. This framework not only captures the breadth of our impact but also provides meaningful insights into the pathways to change. Truvalu's Theory of Change is not set in stone—we regularly reflect on it, test the underlying assumptions, and adapt it based on data and lessons learned. Adjustments to our ToC will be part of our planning, monitoring and reporting cycles.

Our Theory of Change guides our management, operations and impact measurement. We identified the most effective indicators to measure our progress at the different levels of our ToC. We ensured these match with the internationally recognized **IRIS catalog** indicators. By doing so, we also immediately relate these indicators to the SDGs we aim to contribute to.

We utilize Impact Management Surveys based on this framework to establish a baseline for new investees and new projects. We developed two different impact surveys: a bi-annual survey for our **investee companies** to evaluate their impact, and an annual survey for the **projects and programs** we implement.

Our quarterly financial monitoring provides data and insights related to the **financial returns of our investments** and the impact of blended finance models. This complements our impact assessments.

The surveys contain quantitative and qualitative questions. Starting next year, we will also focus on collecting additional qualitative data through interviews, focus group discussions, and storytelling at the company (i.e. employees) and beneficiary (i.e. smallholder farmers) level. For key indicators, we disaggregate data for men and women, age (youth: 15-35 years), and location (rural-urban). We conduct analyses on a country level and dive deeper into the differences among the countries.

Survey data is plotted on a dashboard to make the results of the surveys readily available for internal steering, learning and reporting.

The investees filled out the SME survey while discussing the data with our country teams, turning the impact data into an immediate tool for **dialogue and discussion**. Our country teams ensured the accuracy and reliability of the data. Since our impact measurement approach is slightly different than last year, it is too premature to make comparisons over the years. With the data we recently collected, we can



Photography by: Truvalu

make such comparisons over the years to come. We also aim to present a nuanced picture reflecting the diverse contexts across our operating countries.

Starting next year, every other year, we will conduct an employee satisfaction survey to understand and support the well-being and development of our Truvalu staff. Client (SME) satisfaction will also be included in our SME Survey.

All our results are aggregated at the country and overall levels. This aggregation provides insights into our **overall impact performance**, informing our communication materials, bench-marking, internal reflections, and learning processes. As such, our impact measurement is an important tool for adjusting and refining our activities. We also share

our findings and learnings with other ecosystem stakeholders to inspire them and build their capacities.

Origination of the data in this report

An overview of Truvalu's active portfolio is presented on [page 22](#). Our impact assessment draws on data from 14 companies (the portfolio of Truvalu Enterprises 1 mainly) across four countries: Bolivia (1), Colombia (6), Kenya (6) and Bangladesh (1). Results from projects are also included: 11 technical assistance (TA) and consultancy projects spanning Bangladesh, Uganda, Peru, Colombia, and broader global initiatives. Data was collected in a structured way by using Google Forms and visualized in a Looker Studio Dashboard.

What can you find in this report?

This report presents the impact created by our portfolio companies in 2023. Data collection for Truvalu's impact measurement began in 2018, with reports published in 2018, 2020 (covering 2019 and 2020), 2021, and 2022. In previous years we reported the results of the portfolio of Truvalu Enterprises 1 B.V. This year's report includes a broader overview of our activities.

Compared to last years' impact report, there are a few differences.



We introduce our new Theory of Change in this edition.



Truvalu colleagues were actively involved in organizing and attending events to establish new relationships, partner with other stakeholders, and to share and learn of experiences (see [page 42](#) for an overview of the events).



As last year, we also present a few companies through TruStories: Sevi from Kenya ([page 19](#)), Cocina Soluciones from Colombia ([page 54](#)) and Classical Handmade Products from Bangladesh ([page 24](#)).



In this report we aim to share key learnings about impact investing. [Chapter 14](#) presents a few of our key learnings this year, which were discussed during our last global team meeting in June 2024. We also delve into a specific learning case to demonstrate the challenges SMEs and Truvalu can face. These (and other) learnings have inspired our new strategy 2028.



To illustrate our work on programs and partnerships, and our focus in 2023 (and the years to come) on climate and gender, you will find a description of the Access to Green Finance Programme in Bangladesh ([page 44](#)).



We also share the passion of two of our management members about GLI (see [page 39](#)).



In our [last chapter](#), we give you some insight into our future ambitions.

TRUVALU AT A GLANCE

8 Years of track record

18 Dedicated team members

In Colombia Truvalu is supported by the team of Trulab as its strategic partner

Since 2015

54 (€10M)
186K
4 M
2.1 M
3.9M

SME's Invested in
Average ticket size
Loans
Convertible loans
Equity



In our focus countries
Bangladesh, Colombia and Kenya

24 (€6M)
250K
2.6 M
609K
2.8M

SME's Invested in
Average ticket size
Loans
Convertible loans
Equity

Investors: HNW Investors and Development Agencies



5 New SMEs onboarded in 2023



6 members global directors team, **33%** of them women



5,210 direct jobs in **14** portfolio companies



82% of SME employees and workers / smallholder farmers in the value chain sees improvement in their income



10 projects and programs (BDS training, training to NGOs, ecosystem facilitation) in 2023: Globally, Bangladesh, Colombia, Peru.



143 SMEs participated in general BDS training in 2023



38% Women in board positions



73% Women workers in the value chain



44% Women in Management Teams of the SMEs



82% share of women employees



92% Young employees (15-35 years old)



9,890 Smallholder farmers/ suppliers benefited from investments



2.082 LinkedIn followers (dd. 25.06.2024)

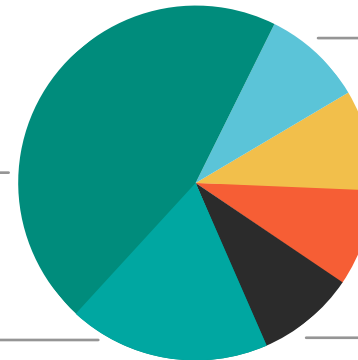
Field of operations of the SMEs we invested in, in 2023:



8 Agri processing



2 Food companies



1 Fish processing



1 Handicrafts from natural materials



1 Waste Management & Insect Farming



1 (Fin)Technology (e.g technology to optimize the food supply chain, e-marketing, environmental innovations)

SDGs

We invest with impact, ultimately contributing to the following **Sustainable Development Goals (SDGs)**:



Truvalu contributes to gender equality and women empowerment by investing with a gender lens. Truvalu strives for a portfolio of companies that are gender focused by promoting gender equity in the workplace and their value chains. A good number of Truvalu's investee companies are either women-owned, co-owned or women-led.



Truvalu contributes to this goal by investing in scalable SMEs with a specific focus on: creating sustainable employment for both qualified and unqualified workers; increasing knowledge and skills in the workforce and; promoting market-based solutions that further improve the sector's productivity and added value.



Truvalu invests in SMEs that purchase their raw materials from a large network of producers / smallholder farmers. We strive for a fair distribution of power, profit and value creation.



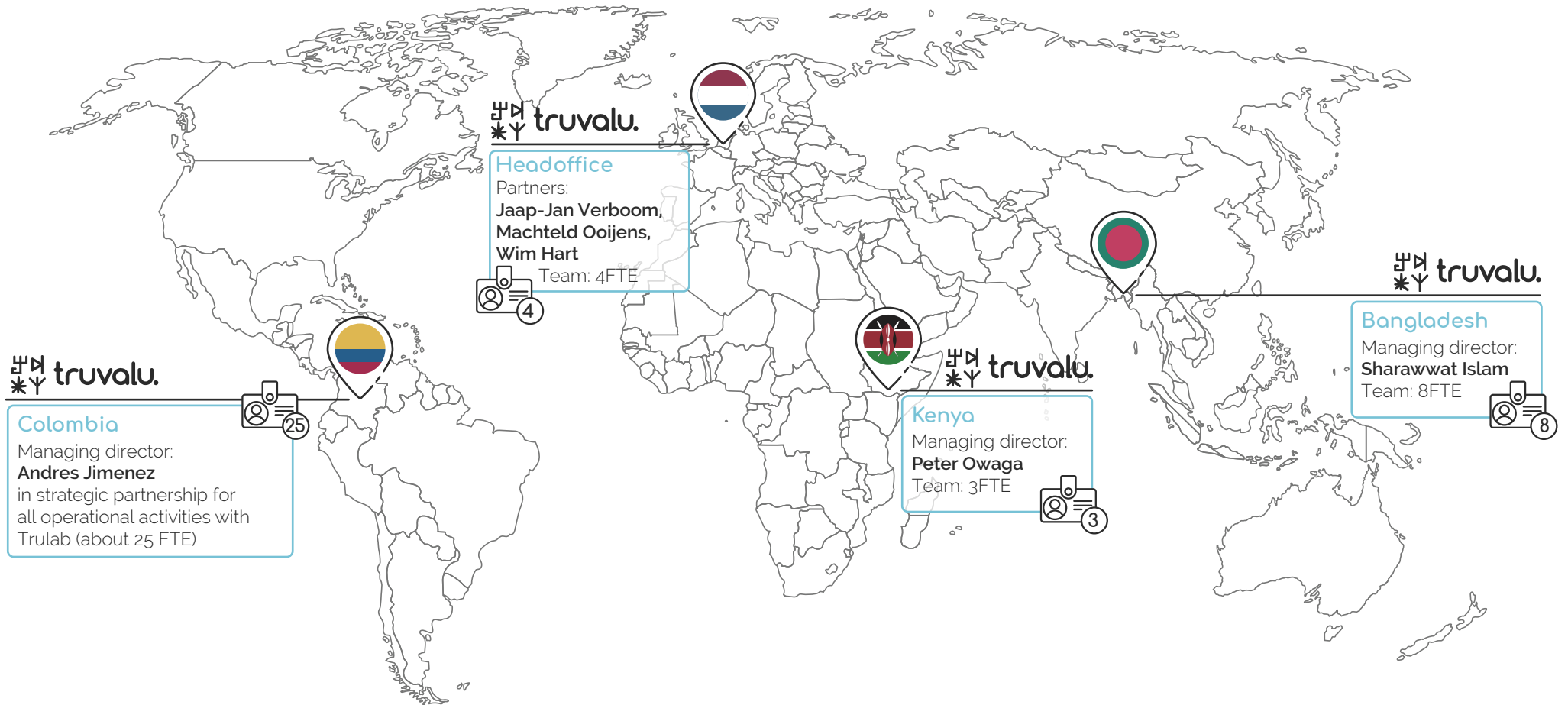
Climate change is increasingly making its impact felt worldwide. Everyone is suffering, but the poor in the developing world are bearing the brunt of the impacts. We are committed to provide green finance, technologies and capacity building, work on regenerative agriculture, and contribute to the reduction of emissions to deal with climate change.



Truvalu realizes that investing in agri-SMEs in emerging economies requires the collective synergies of various organizations in the ecosystem and thus works with public and private partners (NGOs / DFIs / Accelerators / Incubators / FIs / governments) who share Truvalu's vision and values to support investees, build a support ecosystem for impact entrepreneurs, and offer blended financing.



Truvalu by itself won't change the world, and the transformation we aim to inspire cannot occur instantly. However, since our first investments in 2016, we have achieved notable progress each year. Gradually, each improvement serves as an inspiring example and brings us nearer to our vision of a world where value can be created in a fair manner.



GET TO KNOW SOME TRUVALU PROFESSIONALS

We are grateful for our dedicated local teams of highly skilled and committed professionals in Bangladesh, Colombia and Kenya. Their commitment and diverse expertise are the bedrock of our results. Having these teams across three regions is an invaluable asset, enabling us to navigate in these chosen economies. Their unique perspectives and deep understanding of local contexts set us apart in the impact investment space. Together, we create innovative solutions that drive meaningful change and maximize our impact. Our heartfelt thanks go out to each team member for their contributions and relentless pursuit of excellence.

Let us introduce three colleagues from three different offices, showcasing the diversity, dedication, and unique talents that drive our company forward.



Peter Owaga - Managing Director Truvalu Kenya, is a venture capitalist and investment professional with over ten years of investment experience. He started working in Kenya as the Managing Director in the beginning of 2024 and leads the local team in Nairobi. He has led multiple transactions in East Africa; including a handful of start-ups with some successful exits.

Can you tell us about your role and main responsibilities in the Kenya office?

My main role in the Kenya office is to ensure that our entrepreneurs in our portfolio companies are happy and feel our presence as a co-entrepreneur. That means that my responsibilities are participating in strategic decision making at the board level, helping with seeking additional, suitable funding when required and offering business development support services that ensure continued growth of the businesses. My other responsibilities

are to manage our team in Kenya to ensure that we are all pulling in the right direction, in service to our clients.

What makes impact investing in the SME segment Truvalu working in Kenya so exciting?

The fact that we get to make a distinct difference in the companies that we work with and invest in. This is usually because we tend to be the first external money into such businesses, which might come with its challenges, but also means a lot of opportunity to make these businesses more professional and enable them to become sustainable. Working with a diverse and dynamic set of entrepreneurs also ensures that we constantly learn about various facets of the agriculture value chain, while having a real impact on smallholder farmers - the backbone of our economy.

Truvalu aims to establish a Kenyan 10 million fund for more investments. Do you think there is space for such a fund in Kenya?

There is considerable space for such a fund as most similar sized funds tend to focus on the technology space or even on businesses that are higher up in the ticket size. What we aim to do is bridge the gap between the startups and those businesses looking to scale. We target to move these businesses from being lifestyle businesses, to really world class investable and bankable companies that will outlive us.



“

My greatest drive is transforming businesses into high impact generators that employ more people, support local suppliers and generally have a positive impact on the ecosystem as a whole; building them to be antifragile and sustainable over the long term.”

PETER OWAGA

Managing Director, Truvalu Kenya



“Impactful communication is the bridge between financial gain and positive change”

NUZHAT TABASSUM TUREE

Communication officer Truvalu Bangladesh



Nuzhat, an enthusiastic communication professional at Truvalu Bangladesh, holds a master’s in Communication and Journalism from the University of Chittagong, where she further refined her skills and passion for utilizing communication to effect change. She actively engaged in community development, leveraging her expertise to address challenges in underprivileged communities. Co-founding a digital production agency, she showcased her innovative advocacy approach through documentaries and creative content focused on development issues.

Can you tell us about your role and main responsibilities at our Bangla office?

In my role as a Communication Officer, I have a wide range of responsibilities. It's like being a storyteller with a financial twist! I craft communication plans for Truvalu's programs, translate complex data into engaging narratives, and create content that bridges the gap between financial returns and the social/environmental good we create. It's all about sparking understanding and getting people excited about our impact!

What makes impact investing so challenging for you?

As a Communication professional, I face unique communication challenges related to impact investing. It is crucial to effectively connect financial returns with social and environmental impact by converting complex data into engaging stories. Additionally, the audience is diverse, so tailoring messages for each group and focusing on what matters most to them is essential. Lastly, the field of impact investing is constantly evolving, necessitating continuous learning to ensure my communication remains current and impactful.

What makes the Bangla office a great place to work?

My amazing supervisor! She's a fantastic mentor who pushes me to think creatively while also giving me the space to share my ideas.



Mateo Apache is a business administrator from Universidad del Valle working as Investment officer for Trulab, the strategic partner of Truvalu in Latin America, with postgraduate diplomas in Investment management obtained in the Universidad de los Andes. He has been working in the financial sector for 14 years, gaining experience and specific knowledge in risk analysis, debt and equity structure and negotiation skills.

Can you tell us about your role and main responsibilities in the Colombian office?

My role is to take an active role in the BDS, strengthening the companies in their financial analysis, decision making and building realistic projections with strong assumptions. After the BDS, my role is to create the investment plan, the investment proposal and negotiation strategy to close the deal with synergies between both parties and a healthy portfolio for Truvalu in Latam.

What makes impact investing in the SME segment Truvalu is working in Colombia so exciting?

Working with SMEs brings a challenge in terms of information availability, knowledge of the entrepreneurs and maybe unrealistic or wide-spread goals that have to be prioritized. The reward is to see stronger and bigger companies with possibilities to create economic value to various stakeholders and families benefiting from the growth of the company.

Truvalu and Trulab are strategically working together. How do these two companies collaborate?

We collaborate as partners in the pipeline creation, in the contacts with potential investee companies, in the BDS process, investment processes and portfolio management. The synergy between Trulab and Truvalu allows both sides to take advantage of the knowledge, experience and capabilities to be more efficient in mutual organizational goals.

What are Truvalu's ambitions?

Truvalu has the ambition to grow its funding to 10 million per country. In Colombia this could be a blended-pool of capital. We aim to attract informal investors and DFIs, offering them social and environmental impact and profit shares



“

I believe impact investment is a fair path for SMEs in emerging countries to help them grow quickly and gain management and operational capabilities, transforming them into strong companies that deliver wellness in various aspects to the communities, the environment, and all stakeholders.”

MATEO APACHE

Investment officer Trulab (Strategic partner Truvalu) - Colombia

OUR AMBITION STATEMENT

Truvalu is all about creating true value in emerging markets

OUR KEY METRICS IN 2028



Truvalu is a private impact investor dedicated to creating decent jobs in emerging economies and opportunities for less privileged people and communities.

- 3x** Tripling the number of jobs in investee companies and their value chains
- >50%** of SME employees and workers / smallholder farmers in the value chain sees improvement in their income
- >50%** of Truvalu's investee companies is aligned with the International 2xCriteria¹

We promote an inclusive and fair distribution of value, power and profit throughout value chains, embracing partnerships for systemic change.

10 At least 10 presentations/sessions facilitated by Truvalu at events annually



Increased collaboration between SMEs and other value chain actors established, promoting an inclusive and fair value chain



We are a family of local investment companies with highly skilled and committed professionals located in Bangladesh, Colombia, Kenya, and the Netherlands.

Staff satisfaction: good



With a track record of investing in over 50 SMEs and a decade of experience working with entrepreneurs and their scalable agri-SMEs, we provide patient capital and BDS.



Local fund per country established

>10M

EUR invested in each country by the end of 2028

Annual new investments:

2,5M EUR per country

>30

SMEs participated in general BDS training per country per year



We are supported by impact-focused, semi-institutional, and informal investors and providers of blended finance,

-5 New investors onboarded by 2028 per country bringing in the total capital

1:5 Ratio senior vs de-risking instruments



offering them profit shares and the opportunity to make significant social and environmental impacts.



Financial return: profit share beyond capital preservation in real terms by the end of 2028



Adoption of ESG policies or standards by all investee companies



Measures taken by all investees to reduce greenhouse gas emissions



Increased number of investees with an annual reduction of total weight of waste generated



Increased number of SMEs are climate neutral and/or working on renewable energy resources



TRUVALU'S THEORY OF CHANGE

THE PROBLEM



Truvalu has found that
**SMEs represent
90%
of businesses**

According to the World Bank, SMEs account for the majority of businesses worldwide and are important contributors to job creation and economic development.



**SMEs employ
60 - 70%
of workforce**

in Asia, Africa and
Latin America



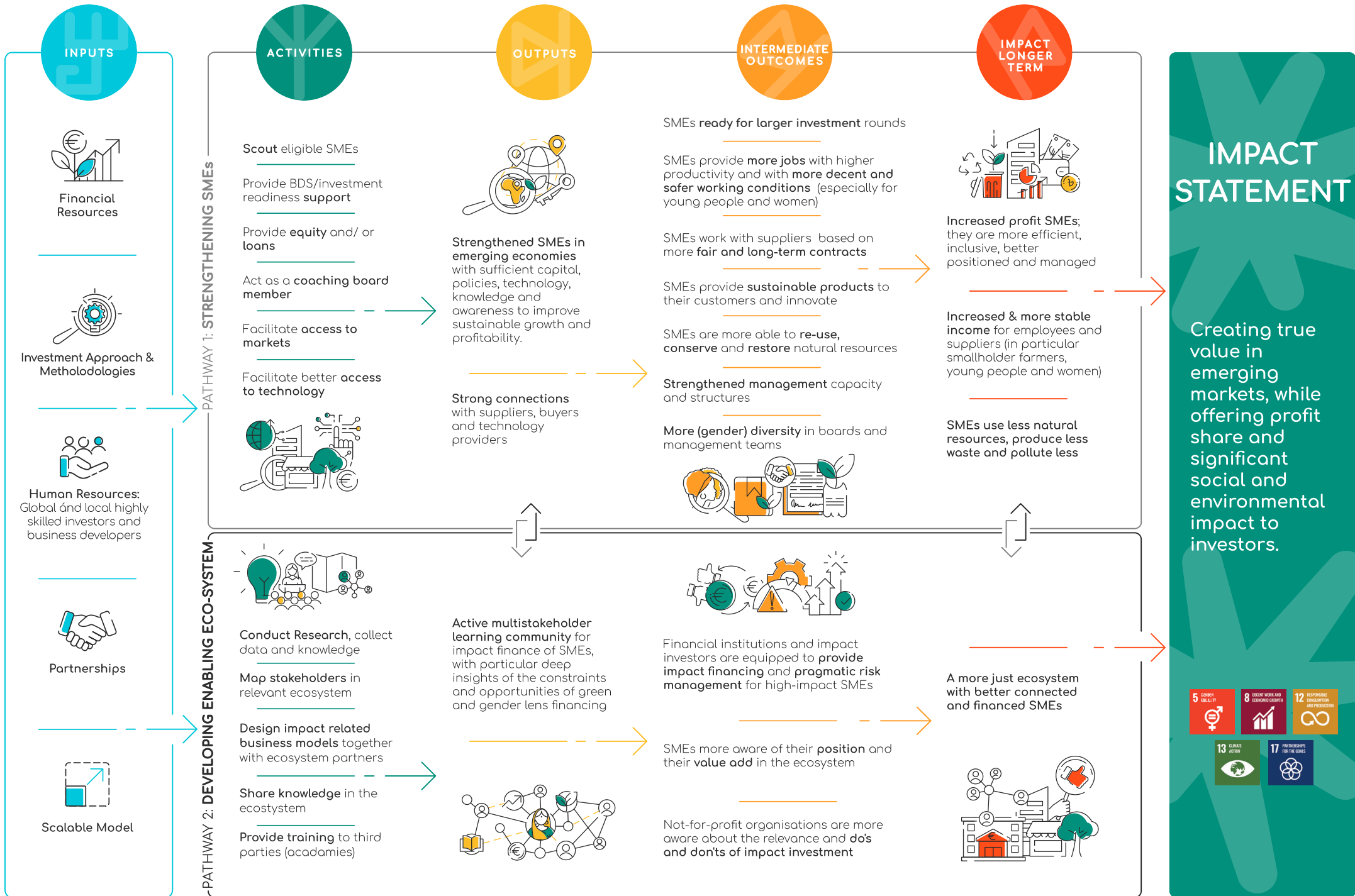
40%

Formal SMEs contribute
up to 40% of national
income - gross domestic
product - in emerging
economies.



**USD \$8
trillion funding gap**

Access to finance is
critical barrier to growth,
with a USD8 trillion
funding gap.



Introduction

In this document, we explain Truvalu's Theory of Change, and the steps we take to create true value in emerging economies. We aim to create system change – where power, value and profit are shared in an inclusive and fair way and investment returns are sustainable.¹

We see small and medium-sized enterprises (SMEs) as key agents of change.² According to the [World Bank](#), SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development. They represent about 90% of businesses and employ 60-70% of the workforce in Asia, Africa and Latin America. Formal SMEs contribute up to 40% of national income (gross domestic product) in emerging economies.

While SMEs are one of the strongest drivers of economic development, innovation and employment, access to finance is frequently identified as a critical barrier to their growth. The International Finance Corporation-led SME Finance Forum stated that creating opportunities for SMEs in emerging markets is a key way to advance economic development and reduce poverty. However, there is a [funding gap](#) of USD \$5.2 trillion for these SMEs and, if the informal sector is included, this gap even reaches USD \$8 trillion.

For these reasons, Truvalu focuses on sustainably financing agri-SMEs (hereinafter simply referred to as SMEs) and their local ecosystems, as they are game changers in their societies. Through SMEs, we can accelerate a transition to a system where power, value and profit are shared fairly and inclusively, and where sustainable social impact is achieved. Using our proven approach outlined here and by working together with investors, financiers, and partners, we catalyze change by strengthening SMEs and, through them, their supplying smallholder farmers, other suppliers, clients, and communities.

Two interrelated pathways of change supporting SMEs to grow

We have identified **two interrelated pathways** to reach our aims. Pathway 1 focuses on strengthening SMEs and fair and inclusive value chains. Pathway 2 supports the first and addresses the development of an enabling ecosystem in which SMEs can flourish and where evidence is collected on (innovative) scalable financing models that really work to support SMEs for impact.

¹ Meaning our investments contribute to positive and lasting environmental, societal, economic and governance impacts

² When referring to SMEs in our Theory of Change, we mean private companies, including producer organizations, processors and service providers, as well as cooperatives as part of the value chains.

Inputs to make it happen

To implement our activities, we rely on a number of inputs that we divide into the following categories:



Financial resources: Capital, which includes equity, loans and trade finance, and our own skin in the game. Financial inputs also include capital of investees, funding of impact-focused semi-institutionals for de-risking instruments, and grant funding for investment readiness support and BDS, experts, innovation and knowledge building.



Human resources: Our global office partners with local teams of highly skilled and committed professionals in Bangladesh, Colombia and Kenya. We know these countries, their business culture, the economic and political contexts, and their financial, tax, export and legal policies.



Our approach & methodologies: This includes Truvalu's investment methodology, environmental, social, and governance (ESG) and impact focus, trainings and tooling, i.e. for scouting, acceleration processes, investment readiness, software, and digital financial literacy.



Partnerships: We establish strong collaborations with other stakeholders in the ecosystem, like larger (international) companies, traders, universities, financial institutions and NGOs.



Our scalable, replicable model: It is based on closely monitored models of success and the continuous steering on lessons learned.



Our activities

We carry out a broad range of **activities** to reach the change we envision. We found ways to successfully and sustainably invest capital in SMEs in emerging economies with the purpose of achieving a balanced return in the form of human, social, natural and financial capital. In Pathway 1 (strengthening SMEs), we start by scouting SMEs that we believe in, identifying whether they are able to create significant value and have the potential and spirit to contribute to growth and lasting social change.¹ We apply a climate and gender lens across our entire investment process. Using an entrepreneurial approach, we partner with the selected SMEs by:



Providing **Business Development Services (BDS)** to help them set their strategy (including their responsible business conduct), grow their business, build their organizational capacities (including financial and HR), and to become investment-ready and ready to scale;



Investing money by engaging private and institutional investors and with our own 'skin in the game', i.e. investing our own capital, in the form of equity (sometimes mezzanine) to expand their capacities and run their growing daily operations. We invest with 'patient capital' and choose sustainable economic, social and ecologically sound growth over short-term profits. We aim to reinvest profits in the companies we invest in. We embrace fair trade-type models throughout the value chain. Since we have skin in the game, we personally share responsibilities and risks with the investees. We strive for mutuality and balanced interdependence. For example, we take a minority share in the companies we invest in;



Serving in a **board seat**, where we can be a close and responsible partner who provides strategic advice, pragmatic coaching and guidance in both business acumen and ethical business responsibility. We invest time and energy in fostering balanced relations with our investees and other stakeholders, with whom we share our methodologies and lessons learned;



Helping SMEs to gain better **access** to local **markets** or growth in Europe, i.e., by making them 'export ready', defining product-market fit, supporting product development and facilitating connections with potential buyers;



Supporting them, where needed, with better **access to knowledge and technology** to become 'smartified' for emerging economies.

We realize that the level of success of these SMEs and their access to finance cannot be seen as isolated from the context they operate in. SME access to financial services remains severely constrained due to higher risks as perceived by local banks, the weak outreach of public sector banks, and lack of availability of the appropriate lending models and risk management strategies.

Since 2015, we strengthen **local ecosystems** and **seek collaborations** with various stakeholders throughout our investees' value chains. We aim for **systemic change** by using SMEs as a starting point, creating economic development with economically viable and sustainable business models. We tackle direct business challenges and **underlying root causes** by identifying and partnering with the right stakeholders in the ecosystem to influence change at system level. Our activities include conducting mappings of the relevant stakeholders in the ecosystem, research, data and knowledge collection on successful business models and identifying opportunities and limitations to lasting social change. We focus on building connections and sharing knowledge by providing training to third parties, organizing and participating in events and conferences, and promoting access to finance for SMEs through influencing, capacitating and incentivization. We also design impact-related business models with other ecosystem partners, such as banks, traders, other investors, and buyers. By forming partnerships with banks, business associations, governments,

development finance institutions, NGOs, and knowledge institutions, we commit to systemic change and fostering an environment where shared value and responsibility are cherished.

From activities to outputs, outcomes and our longer term impact

The above-mentioned activities lead to a range of **outputs**. In Pathway 1, SMEs have better insights and are more aware of the business opportunities of sustainable products and production, better understand the opportunities and need for responsible business practices and sustainable growth, including around climate and gender. In addition, they adapt their strategy, policies and business plans accordingly to become more investment ready. Connections with the right technology providers and key value chain actors are established.

In Pathway 2, direct outputs are the establishment and maintenance of an active multi-stakeholder learning community that has a strong focus on SME access to finance for impact. In this community, insights into constraints and opportunities of impact financing and using the climate and gender lens, as well as lessons learned about improving access to finance for SMEs, are shared. Truvalu serves as a catalyst for acceleration programs, fostering collaboration across various sectors. We bridge the gap between the private, public, and multilateral sectors.

¹ We scout and select SMEs using the following criteria: are well balanced and seasoned founding and management team; have a viable business model with scaling opportunities and a realistic exit potential; have a revenue of at least EUR €100,000 per year; are connected to high value markets with strong market potential; have strong connectivity with the value chain (from local producers to importing or even retailing companies); are sourcing from or supplying to more than 500 local producers; have a strong connectivity to local communities combined with high social impact potential.

effectively navigating the different languages spoken in each realm to ensure that SMEs—as agents of change and models of good practices—are part of the larger community.

In turn, these outputs lead to a number of outcomes in the medium to long term, which we call **intermediary outcomes**. In Pathway 1, SMEs might become ready for larger investment rounds. SMEs provide more jobs with higher productivity, offer more decent wages and provide a safer working environment, especially for young people and women. Managerial positions are gender-balanced. They are also promoted in their value chains. SMEs will provide sustainable products to their clients and will be able to scale production and further innovate, for example by better (re)using, conserving and restoring natural resources.

In Pathway 2, financial institutions and (impact) investors are becoming more adept at providing impact financing and managing perceived risks in lending to SMEs. This includes introducing impact-linked finance and interest subsidy instruments. SMEs are also better connected to the financial market and more aware of their role and value in the ecosystem. Additionally, both SMEs and non-profit stakeholders have a deeper understanding of social impacts and the best practices related to impact investing.

This leads to **longer-term outcomes (impact)**, such as business growth and increasing profits for professionally managed, economically stable SMEs that are efficient, inclusive and better positioned. In Pathway 1, smallholder farmers and workers, especially women and young people, witness a

transformation in their lives with stable, reliable incomes. SMEs use fewer natural resources, produce less waste, and pollute less. Regenerative agriculture, energy efficiency, and responsible waste management become norms, contributing to a more sustainable planet. Pathway 2 fosters a more equitable ecosystem with better connected and financed SMEs, also supported by the replicability of tested, successful models. Synergies among organizations in the ecosystem foster support for impact entrepreneurs and blended financing.

Both pathways ultimately **contribute** to creating an environment where power, value, and profit are shared more **fairly and sustainably**. This includes valuing social and environmental impacts as much as the financial success. Truvalu's investment and program philosophy aligns with several **Sustainable Development Goals (SDGs)**: SDG5 on Gender Equality, SDG8 on Inclusive and Sustainable Economic Growth and Decent Work for All, SDG12 on Responsible Production and Consumption, SDG13 on Climate Action, and SDG17 on Working in Partnerships.

Assumptions

When developing our Theory of Change, we identified several key assumptions underpinning our strategy. First, we believe there is a market for products that are not only economically viable but also have positive social and environmental impacts throughout their production, processing, and trade. Second, we assume that producers who adopt sustainable practices and meet (niche) market requirements will benefit from increased sales or better prices, creating

positive ripple effects throughout their value chains. Additionally, we assume that balancing returns across the four forms of capital – human, social, natural, and financial capital – will encourage more just business approaches and create fair value chains and positive impact. We also assume that SMEs value and willingly invest in the professional development of women and young people. Finally, we believe there are enough investable SMEs that meet our criteria and that power structures in buying global companies will remain fair or improve, supporting the positive changes we envision. We will regularly test and adjust these assumptions as needed.

Our impact measurement and management

All Truvalu investments, programs and partnerships are inspired by our overall Theory of Change. However, each of them is developed within its own specific context, with a detailed results chain. The overall key metrics related to our ambition statement (see page 5) will be monitored and managed carefully.



SEVI: ORDER NOW AND PAY LATER. SOLVING STOCK FINANCING FOR ENTREPRENEURS

Sevi is a promising FinTech startup operating in the Buy now, Pay later space. Sevi offers an innovative app designed to empower small entrepreneurs in Kenya and Uganda. The app enables small shops and kiosks to purchase stock on credit from their suppliers and pay later, once they have sold their inventory. This provides much-needed access to appropriate and affordable credit, allowing these businesses to grow and thrive.

The entrepreneurs

Sevi was founded by two Dutch gentlemen called Walter aan de Wiel and Bartel Verkruijsen. It is their strong belief that providing affordable finance to entrepreneurs is a crucial condition for further growth of micro and small companies, contributing to economic growth and a dignified life for entrepreneurs, their employees and families. They are of the opinion that merchant finance based on real orders and delivery is the best way to loan to low-income clients because it limits default risks. They hold the belief that using new digital technologies can unleash the full potential of this model.

Walter is a strategist and doer. He has co-founded 10 social enterprises in Ghana, India and the Netherlands. He has also supported many other startups. Bartel has 17 years of experience in the field of entrepreneurship, IT and telecom. He is a full stack developer & Tech lead. His quality lies in the design, development and validation of proof of concepts.

“

Sevi is delighted to collaborate with Truvalu. Having an investor who not only recognizes the significance but also appreciates the immense value of working within and enhancing value chains has proven to be an invaluable asset for us. We eagerly anticipate the continued growth of our company, fueled by the support of Truvalu in optimizing and strengthening value chains.”

WALTER AAN DE WIEL
Entrepreneur, SEVI

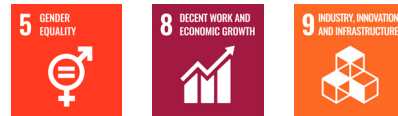
Impact

People: Sevi operates a lean staff, currently employing 47 people (30 women) in Kenya, typical of a technology driven company. Its broader impact is to its customers and the people they serve. Sevi achieves greater impact indirectly as it improves the likelihood of survival and growth of SMEs leading to lower unemployment within Kenya. 33% of small sellers on Sevi's platform indicated they were able to hire 2 additional employees within a year.

Directly, most shop owners are entrepreneurs and Sevi currently serves 55% female entrepreneurs (SDG 5) and their business ambitions.

Profit: Sevi is a promoter of financial inclusion by providing access to affordable finance to MSMEs which contributes to economic growth (SDG 8 and 9.3). Further, digitalization of order management services provide insight, prevent fraud and overleveraging, improve credit scoring, increase efficiency, decrease cost, risk and transport movements.

SDG IMPACT TO ACHIEVE



Quotes from sellers

"The credit management system of Sevi is great to measure buyers' ability to pay. We have increased our sales due to extension of credit services through Sevi"

- Kim Ndirangu Gathuku, Philmed

"Sevi helps me by pre-financing the stock of the micro-entrepreneurs that purchase milk at my business. This enables me to maintain a healthy distribution of my products as it reduces transaction risks and costs."

- Simon Omeno, milk distributor, Lato milk

"Business is booming, my sales agents can pay milk supplied, on time and without delay."

- Suleiman, Mt Kenya milk distributor Nairobi Region

A Unique Story

Sevi's story highlights the ability of technology solutions to lower costs, particularly financing costs for small shop owners. Because of its growth and therefore the availability of more data, Sevi's AI model is increasingly accurate in predicting both ability and willingness to pay. The innovation is impressive as the solution offered by Sevi is deployable at all levels in a value chain including the last miles where units are smaller and typically would incur higher management costs to offer credit services. Ordering and credit is now one seamless digitized process for many businesses in Kenya. Sevi is characterized by its innovative approach, high-end technology, and the potential it holds to revolutionize the financial landscape for small entrepreneurs in Kenya and beyond. The company plans to attract additional debt funding from other funds in the near future, with the goal of further expanding its on-lending capacity and reach.

Quote from research party:



"Supply chain finance seems to be an underexploited opportunity for supporting mSMEs. Using the knowledge of suppliers can solve one of the major challenges of business lending—understanding credit risk in the context of limited and incomplete information and limited enforcement."

- Financial Access Initiative by NY University and FSD

Future plans

The model has gained significant traction and is growing approximately 160% per month, last year the company grew x10 and also this year a 10x is expected. Loan volume disbursed per month is currently EUR +700k (may 2024). Sevi will grow its market further in Kenya to

reach break-even in 2025 and then scale to neighboring countries. As an ongoing process Sevi will enhance its credit scoring algorithm and machine learning, also Sevi aims to add a growth tool to its platform to help small entrepreneurs to further grow their business. Sevi aims to contribute to SDG 9.3 in the area of financial inclusion, with a strong focus



Quotes from buyers

"It's been over 6 months since I joined Sevi, my business was in some financial crisis and Sevi has really helped me get back stability."

- Diana Wanja Mugo

"Utilizing Sevi has resulted in increased customer retention and trust, due to better stocking aligned with their needs."

- Divina Gesare, Blessed Matt Progressive



“

Sevi has enabled stocking a wider range of varieties, as opposed to previous limitations.”

MARTIN MBURUR
Marto's Shop

Photography by: Sevi

on female entrepreneurs. In the coming years Sevi will do long term impact research to assess its impact contribution and enhance its proposition to even serve small entrepreneurs better.

Sevi aims at continuing to stretch its solutions by scaling up its existing sellers and launching partnerships with local financial institutions.

Co-entrepreneurship

The challenges Sevi is faced with are related to:

1. Transitioning from a start-up to a scale-up puts a lot of demand on the team and requires a different mindset. In a start-up everyone does everything, with the investment of Truvalu we were able to segregate and appoint specialized teams i.e. sales vs. key accounts and onboarding support vs. verification. And change our linear growth rate to an exponential growth rate.
2. Onboard bank to its credit portal function to link unbanked to the formal finance sector.
3. Expansion of available credit facility and setting up a first-loss facility.

The solution provided by Truvalu:

1. Truvalu participated with equity in a fundraising round where Sevi raised €1.2 million.
2. Truvalu advised on the governance structure of Sevi and the setup of the Sevi Fund.

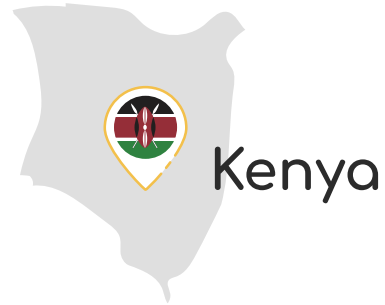
3. Truvalu has introduced Sevi to several potential co-investor and customers.
4. Truvalu has a board of advisory seat, giving valuable advice and reflection to the founders.

“

We are thrilled to be able to support such a high-quality fintech startup. In our experience of building value chains based on a fair distribution of profit, power, and value, we haven't seen a solution that brings transactions, credit, and orders together in such a seamless way as Sevi does.”

JAAP-JAN VERBOOM
Truvalu

OUR INVESTMENT PORTFOLIO



Kenya



Camino Ruiz Agencies Ltd.

One of the first companies in Kenya that has managed to organize the whole value chain from production to distribution and finally selling of tilapia fish directly to the consumer. **Camino Ruiz** is serving the B2C market with the sale of tilapia fish (both fresh and processed) through the main supermarket stores in Kenya as well as through their own shops.

NDIVISI Ndivisi
ENTERPRISES LIMITED

Engaged in sourcing soybeans from Northern Uganda and Western Kenya and supplying them to oil and animal feed processors in Nairobi. **Ndivisi**, founded by James Ododa, transitioned from a trader to a processor and has now equipped its factory to process soybeans into soy meal and soy oil. The value added products are sold to B2B customers.



The Big Thundernuts

Sourcing macadamia shells from other processors and selling them as biomass to companies to fuel their boilers. Led by Moses Wachira. **The Big Thundernuts** started processing the nuts into oil, greatly adding value and giving the opportunity to source from smallholder farmers directly.



A nursery farm producing more than 27 million seedlings per year for a variety of crops for farmers. High-quality vegetable seedlings such as cabbage, tomatoes, cucumber and capsicum to smallholder farmers result in higher yields at farmer level and hence a better income and improved food security. **GrowPact Kenya** is owned and led by a Kenyan couple, Joshua Mugendi and Mercy Njiru.

sevi Sevi
Order now, Pay later

A FinTech startup aimed at small vendors in emerging markets, founded by Walter aan de Wiel and Bartel Verkruijssen. The company has developed an 'Order now, Pay later' IT platform, fully geared towards and embedded in emerging markets. In 2022, **Sevi** was among the first 10 licensed Digital Credit Providers by the Central Bank of Kenya. Sevi's platform enables a fully automated AI-based Know Your Customer process and credit rating. [Read Sevi's TruSTORY.](#)



Ecodudu

An innovative waste-to-value company. It converts agricultural waste into organic fertilizers and highly nutritious inputs for animal feed derived from the black soldier fly. **Ecodudu** is founded and managed by a couple, Adan Mohammed and Starlin Farah. Their model is to work in-house with large agricultural waste producers and convert the waste on the spot through rearing the flies.



Colombia



Pomario

Produces and sells organic salads, edible flowers, buds, and micro vegetables. **Pomario** (Del Campo por Tradicion SAS), located in Los Llanos de Cuivá, is a pioneer in the sector, offering fresh products and delivering within 24 hours after harvest, a/o through a webshop, sourced from small farmers and grown in its greenhouse. The company is founded and run by 4 siblings, under the leadership of one of them, general manager Elisa Botero.



Cindy Coco

Cindy Coco buys coconuts from small coconut producers and cooperatives in vulnerable and conflict affected areas of Colombia, and processes the coconut into coconut milk, butter and coconut ice and cream. **Kiero Koko** (the brand name) was founded by entrepreneur Jaime Ponce who sees great potential in both B2B as well as B2C markets.



Ruta de Chocolate

La Ruta del Chocolate is a small company in the Putumayo department, in the Amazonian region in the South of Colombia. It is founded and owned by a married couple. It consists of two business units: tourism services related to a real cocoa experience and cocoa derivatives such as cocoa liquor, cocoa wine, chocolate bars and others.



Del Huerto

Dedicated to processing and marketing of fruits and vegetables to restaurants that meet quality standards for human consumption as well as the technical requirements of its customers, in the Valle del Cauca in South-West of Colombia. **Del Huerto** was founded by the entrepreneurial couple Lilia Marcela Torres and Marlon Sanchez, employs 19 dedicated individuals (half of them women) and collaborates with a network of more than 50 small producers from various regions in the South of Colombia, still characterized by enormous security issues and poverty.



Cacao Pacifico

A facility in Cali that produces a good range of products such as cocoa liquor, cocoa butter, cocoa powder, and special cocoa coatings and that meets all (international) quality assurance requirements with the latest know-how in the production of cacao. Company founder Antonio Varela is an entrepreneur with a strong commitment to small farmers in especially Tumaco and other conflict affected areas in the South of Colombia, providing an alternative for illicit crops.



Cocina Soluciones

Mistral /Cocina Soluciones is owned by Camila Vélez, Dylan Misrach and Jérôme Di Salvio. Their company, based in Bogotá, offers delightful artisan pastries and bread, using (mostly organic) ingredients from almost solely Colombian suppliers and about 1600 small farmers. Many of them are based in areas affected by armed conflict and cocaine plantations, or other vulnerable communities. The company is providing jobs to almost 100 (mostly young) people (54% women). **Read Cocina Soluciones' TruSTORY.**

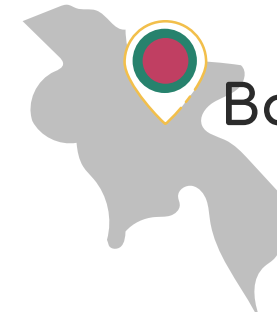


Bolivia



Alimentos Liofilizados Natur SRL

Produces Freeze Dried (super) fruits, such as Acai powder and freeze dried tropical fruits for the local, regional and international market. **Alimentos Liofilizados Natur SRL** operates a unique, energy-efficient form of freeze drying, developed by the entrepreneur, André Luiz Napravnik.



Bangladesh



Classical Handmade Products (CHP)

Produces home decoration products, such as rugs and baskets, from natural and biodegradable materials, such as jute, water hyacinth, cattail and banana fiber from smallholder farmers), for the international market. Through a combination of visionary entrepreneurship and creative designer skills, the founder, Mr. Tauhid Bin Abdus Salam, has grown **CHP** to a scale, now able to produce for various international brands and creating employment for about 2589 rural workers, mostly women. **Read CHP's TruSTORY.**

CLASSICAL HANDMADE PRODUCTS

The SME Classical Handmade Products (CHP) from Bangladesh makes sustainable, handmade home accessories such as rugs and baskets from natural fibers and recycled clothing.

Bigger brands started taking notice of CHP's products. In 2021 IKEA for example contacted CHP because of their rugs, baskets, coasters and place mats, and wanted to introduce them to the European market. Nowadays these are part of the IKEA collection. Other European and American brands have followed. CHP could not imagine this to be possible. But it became possible!

The entrepreneur

MD. Tauhid Bin Abdus Salam completed his undergraduation from the BGMEA University of Fashion and Technology (BUFT) in 2004 where he studied fashion designing. Upon graduation, he joined a Dutch buying house (RMG) as a marketing manager, and at the same time he played the role of a lecturer at Ahsanullah University of Science & Technology and BUFT.

The capital he accrued during his short career of 4 years, acted as the capital (about 20.000 Euros) to start his business 'Classical Handmade Products'. Tauhid came to learn about the production of rugs (shotrunji) produced in the northern part of Bangladesh, as a result of his education. He planned to manufacture "grameen check" for the RMG sector, but realized that it would be difficult to produce such precise thread based designs on such a mass scale. He began pondering on how to utilize thicker threads and around that time he started producing rugs by establishing 90

machines across 3 units.

Reason to start the company

Tauhid started the business out of his interests towards rugs produced in the northern part of Bangladesh. In the early days of his venture, he met a lady who came to him searching for a job. The woman worked as a stone breaker, and received 0.4 Euros per day as remuneration. He came to know about her penurious living standards from an NGO worker.

From that point on, the entrepreneur decided to create a model that would directly empower women in poverty through employment. With this end in view, CHP established 21 decentralized production units spread across these ultra poor areas in the subsequent years.

Local jobs and quality of life

CHP stands out for its impactful social initiatives, significantly enhancing the quality of life for employees and the broader community. The company's focus on health and well-being is evident through free health checkups and services for its workers, along with providing free eye checkups and spectacles. These measures have notably improved the overall health and productivity of the workforce.

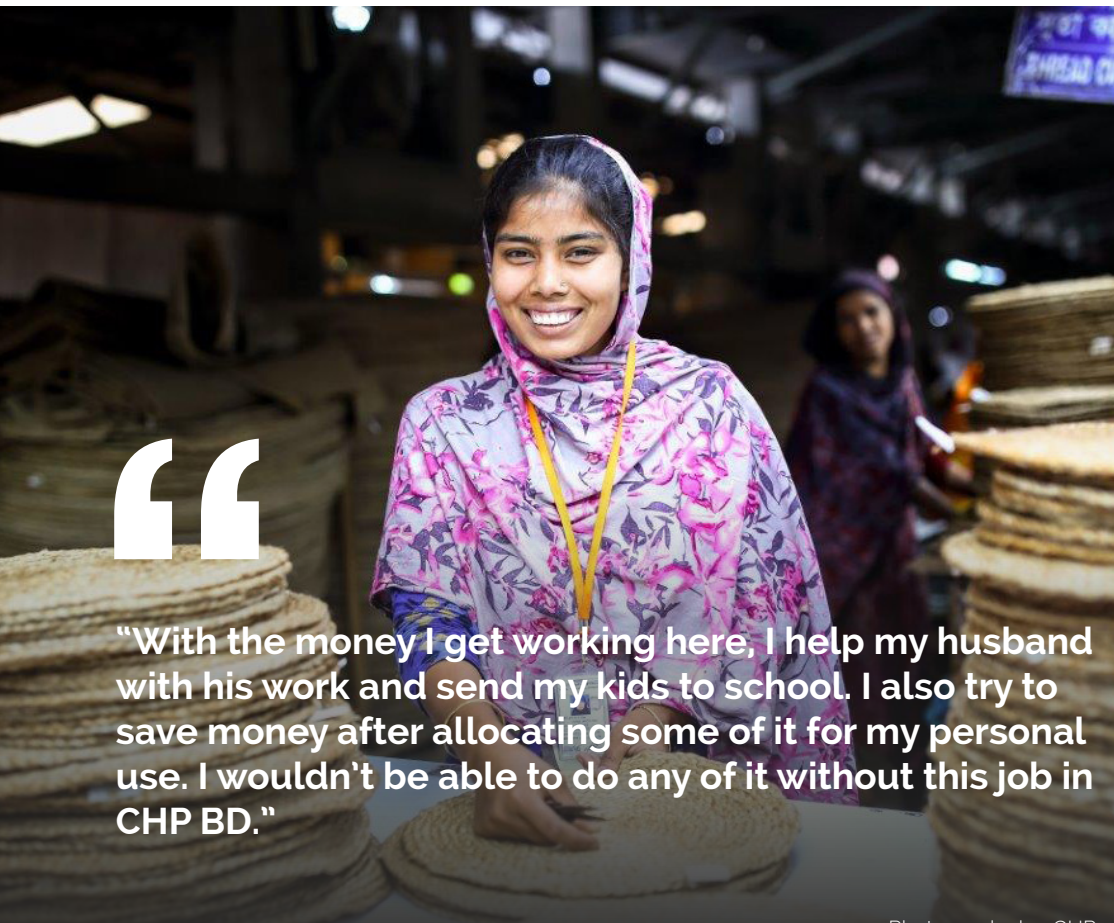
Additionally, CHP has installed 40 solar street lights, ensuring safer passages for over 2,000 community members, particularly benefiting women workers traveling home after dark. The company

has donated 1,500 trees to local communities and schools, promoting a greener environment.

Women's empowerment are also central to CHP's mission. Furthermore, CHP has implemented supportive measures such as providing free sanitary napkins, ergonomic exercise routines, and childcare facilities.

These initiatives help women balance their professional and personal lives, reducing

stress and enhancing their overall well-being. Employment opportunities at CHP have transformed lives, as illustrated by Rahima, a worker who says: "With the money I earn here, I help my husband, send my kids to school, and save for my future. I support my family's needs and education expenses. This job at CHP has transformed our lives and given me hope for achieving great things."



“

“With the money I get working here, I help my husband with his work and send my kids to school. I also try to save money after allocating some of it for my personal use. I wouldn't be able to do any of it without this job in CHP BD.”

Photography by: CHP

A Unique Story



CHP promotes the use of eco-friendly yarns like banana, pineapple, and jute in the textile industry. These natural fibers offer a sustainable alternative, reducing our environmental impact and creating a circular economy. There is a high demand for these products both domestically and internationally, leading to a decrease in carbon footprint and a diversification of exports.

Impact figures

In 2023, CHP employed 4,021 female and 714 male workers. It sourced from 4788 local producers, herewith impacting their economic Incomes. The total value (in EUR) of raw materials purchased from these smallholder farmers in that same year was 1,502,748.

The company has set itself the following targets (2024):

1. At least 265 workers are trained every quarter.
2. A minimum of 80% of the workers hired are women.
3. At least 6 people with disabilities are hired every year.
4. More than 70 workers availed some form of healthcare service in a month.
5. More than 90% of the workers who availed healthcare services are satisfied with the level of service. Monthly monetary value of raw materials purchases is USD 450,000 on average.
6. 10% increase in income of workers after joining CHP.
7. 15% increase in income of the smallholder farmers after starting to work with CHP.

The investment contributes to the creation of local jobs, the professionalization of the SMEs and the

concrete sale of sustainable, recycled products. It contributes to SDG 5 (Gender Equality), SDG 8 (Decent work and income), SDG 9 (Industry, innovation and infrastructure), SDG 12 (Responsible consumption and production) and SDG 13 (Climate action).

SDG IMPACT TO ACHIEVE



Future plans and scaling opportunities

CHP's revenue had a growth of 354% between 2021 and 2023 as per the audited financial statements. CHP aims to improve its position in the export market by directly branding its products overseas. The company has already begun the process of preparing the required documents in Europe. Additionally, it plans to manufacture and export the raw materials for these products from India and Sri Lanka.



“

My father is a farmer. I bear my educational expenses and also help my siblings with the money I get from working here in CHP. I try to provide for the rest of my family as well. Through diligent studying, I aspire to achieve great things.”

WOMAN WORKING AT CHP

Photography by: CHP

Co-entrepreneurship

CHP faced the challenge of transforming a rapidly expanding, informal local company into a professional entity capable of reaching new European markets, employing a large workforce, and securing working capital from local banks. CHP is now exporting to 44 different countries.

CHP is one of the companies that received investment from Truvalu in Bangladesh. The Truvalu Bangladesh team monitors the investment and provides technical support to CHP. With a small grant through the Dutch Good Growth Fund of Invest International to hire Truvalu's support services, Truvalu has significantly advanced CHP's development. Alongside the Fair Factory Fund, Truvalu invested in CHP's share capital, enabling the company to increase its capacity. A subsidy of €30k facilitated €1.25M in equity capital investments and an additional €3M in bank loans, initially resulting in the creation of approximately 1,000 new jobs. This collaboration exemplifies the power of working together: Truvalu's private investment capital and business development services, coupled with financing from Invest International and co-investments from the Fair Factory Fund, achieved the desired outcome.

Since investing in CHP, Truvalu has worked diligently to enhance CHP's financial strategies and corporate governance. In 2023, Truvalu developed financial tools for CHP that aid in forecasting and

evaluating performance and effectively communicating these results to investors. Truvalu continues to assist CHP in reaching its full potential and becoming well-established.

“

Classical Handmade Products provides local jobs and a better quality of life for its employees – mostly underprivileged women”

SHARAWWAT ISLAM

Managing Director,
Truvalu Bangladesh

IMPACT RESULTS 2023

Truvalu operates at the intersection of profit and purpose, driving positive social and environmental change in emerging markets. This report details our 2023 results, aligned with our Theory of Change that emphasizes strengthening SMEs and contributing to an enabling ecosystem sustainably strengthening access to finance for SMEs for impact.

In this chapter we present a picture of the activities and results achieved in 2023.



Strengthened SMEs:

SMEs benefit from investment readiness support, improved access to capital (equity and loans), enhanced policies and a stronger knowledge base, all propelling sustainable growth and profitability.



Responsible business practices:

We observe a growing awareness and implementation of responsible business practices amongst SMEs, including environmental sustainability initiatives like climate change mitigation, waste management, and water conservation, alongside commitments to labor rights and human rights.



Market expansion and innovation:

SMEs achieve greater market reach and foster innovation through new buyer contracts, product development, and technological advancements.



Job creation and economic empowerment:

Our efforts translate into significant growth and job creation. 9 out of 14 SMEs experienced substantial growth, with the total workforce employed by our portfolio companies reaching 5,210 individuals.



Notably, 83% of this workforce comprises women, and 92% are young people. 38% of the board positions are women and 44% of the management teams, highlighting Truvalu's commitment to inclusive economic development.



Enhanced awareness through community learnings:

Stakeholders gain a deeper understanding of climate financing and gender lens investing, fostering broader adoption of these practices. NGOs and foundations develop a stronger capacity to integrate impact investing principles into their strategies and create a platform for SME support.

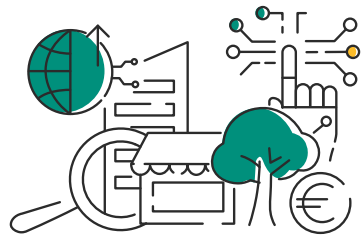


Collaboration and networking:

By facilitating collaboration and networking within the impact ecosystem, Truvalu contributes to a more supportive environment where SMEs with social and environmental impact can thrive.

Diving deeper, let's explore 2023's activities, their outputs, and initial results, all aligned with our Theory of Change.

PATHWAY 1: STRENGTHENING SMEs



In pathway 1 we identify the following activities:

Scouting eligible SMEs and providing Business Development Support (including investment readiness support)

Globally, 434 SMEs were scouted in 2023 (more than half, 290, coming from Latin America). 143 Companies that were best positioned to benefit from the training and mentoring, ensuring effectiveness and impact, were eligible for general BDS and 81 for customized BDS. Out of this group, 72 started a BDS trajectory by the end of 2023 (9 dropped out). These BDS activities, made possible through grant funded projects, contribute to our ambition to strengthen a large number of SMEs and promote access to finance. After a thorough selection, a small group of companies is eligible for investments by Truvalu.

Group based BDS

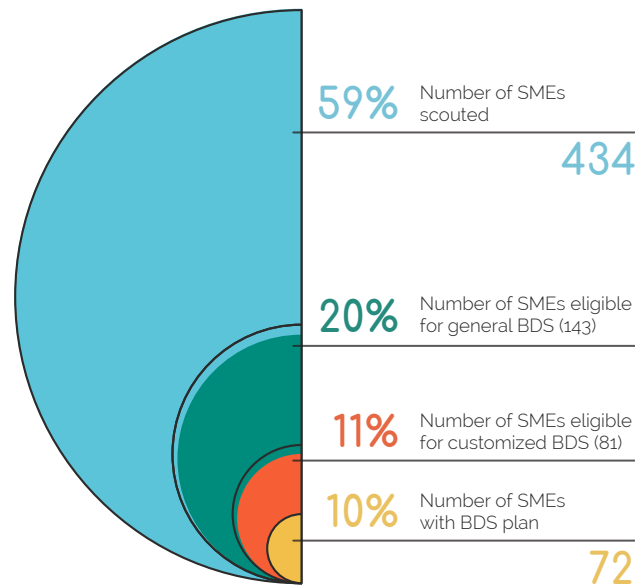
With projects and programs, we tend to reach out to larger groups of SMEs, and organize general BDS first and customized BDS for a selected group of companies hereafter. Group based BDS trajectories are based on the needs of multiple SMEs. Offline learning modules include: market segmentation; financial modeling; lean validation approach; investment proposition; valuation; marketing/sales; impact creation and measurement; branding; valuation; pitch training.

When training these SMEs, we learned that a combination of online and offline training is recommended. For online training we learned it is key to consider the technological environments of the organizations we train, ensuring smooth transitions and effective learning. Physical training sessions are

generally very effective, highlighting the importance of in-person interaction for better learning outcomes and engagement. Ensuring the attendance of leaders and managers for training and mentoring is another point of attention to make the training successful. Leaders often have multiple commitments, so programs should facilitate their ability to delegate tasks to ensure effective participation and utilization of the training.

Given Truvalu's ambition to contribute to women economic empowerment, Truvalu was actively engaged in a BDS project for women entrepreneurs in Uganda (see box 1). From 2024 on, Truvalu will be strengthening more gender focused SMEs (women entrepreneurs or companies with a gender focus), in particular in Bangladesh and Kenya. In Colombia gender remains an important focus as part of value chain development.

GRAPH 1: Number of SMEs scouted and supported



BOX 1



Business acceleration for women entrepreneurs

The Agribusiness Development Centre (ADC), established by DFCU Bank and RABO Foundation, launched the Business Accelerator Program (BAP) for women entrepreneurs in Uganda. From 45 initial applicants, 33 were selected for training. Over 10 weeks, Truvalu delivered training modules on business fundamentals, marketing, financial management, investment readiness, and access to financing. 13 women pitched their business ideas to a panel of experts. The program resulted in increased confidence and a better understanding of business operations for participants.

The BDS trainings give Truvalu the opportunity to build a pipeline of future investee companies. Our portfolio in Colombia is largely coming from our participation in a blended finance program in Colombia (see box 2). Truvalu also scouts potential investees through its growing local networks and referrals.

BOX 2

Building a business ecosystem in (post-)conflict rural areas in Colombia

In Colombia, Truvalu continued its participation in the co-created and blended financed PDETs programme: a multi-stakeholder collaboration which aims to create a business ecosystem in (post-)conflict rural areas in Caquetá, Putumayo, and Tumaco (South-West of Colombia) by enhancing the productivity, competitiveness, and sustainability of dairy and cocoa production. This program is funded by the EU's Trust Fund for Colombia, and implemented in collaboration with Red Adelco, ICCO and CIAT. Truvalu Colombia manages the Rural Paz Investment Fund (Firp) which invests in SMEs. Truvalu is one of the investors in this fund. Truvalu Colombia, together with its strategic partner Trulab, strengthens business development, provides access to high-value networks / markets and offers strategic mentoring with the objective of multiplying the value of participating companies and reducing the risks for investments. The budget for BDS execution and facilitation, as well as a first loss facility for the investment fund, is provided by the EU contribution.

BDS to (potential future) investee companies

To SMEs that match our investment criteria, Truvalu provides one-on-one pre-and post investment BDS in a broad range of fields. Graph 2 is showing that business case financial modeling (BCFM) and strategizing (OGSM development) are the areas most covered in our 14 active investments, while also access to finance by creating linkages to other investors, financial institutions or other lenders, access to markets, support in terms of budgeting, and coaching of management team are part of our BDS engagements.

Truvalu assisted portfolio companies in receiving support from PUM The Netherlands and established links to specialized experts to support the companies in specific technical areas. Technical training initiatives undertaken by the SMEs covered diverse areas including quality and crop disease control, food safety and ISO certification. Staff of SMEs also participated in training on upcycling organic waste, optimizing resource use, cold chain management, and/or adhering to strict safety and hygiene protocols to maintain high operational standards.

GRAPH 2: BDS provided by Truvalu



Entrepreneurs running early stage businesses often lack the right financial presentation tools. However, they are expected by investors, lenders, regulators and other stakeholders to be on top of their numbers and are able to present an analysis of their business by comparing the past, present and the future performance in an easy to understand but elaborate manner. With this understanding, Truvalu developed and offers entrepreneurs a simple interactive and dynamic financial dashboard that offers a visual representation of periodic performance and forecast. Truvalu's portfolio companies have started using the TruFin dashboard in 2023.

Provision of equity capital and/or Loans

Truvalu leverages diverse financial resources, including equity capital, loans, and grants, to support a growing portfolio of SMEs, enhanced by contributions from private investors and donor agencies. The 14 companies we invest in operate in diverse fields with a high percentage active in agri-food processing. See [page 7](#) and also [chapter 7](#) for an overview of our investment portfolio.

End of 2023, Truvalu had:

- €5.4million assets under management in the 14 active (reported) SMEs, with an
- €390.289 average ticket size (Equity 44%, Loans 42%, convertible loans 14%)
- 5 new investments were done in 2023: Camino Ruiz Agencies, Sevi, GrowPact Breeding (Kenya), Cacao Pacifico and Cindy Coco (Colombia), and
- 7 follow-on investments.

Coaching Board Members

Truvalu actively participated in board meetings of its portfolio companies (an average of four meetings per year per investee). The meetings focused on strategic decision-making, networking, fundraising and problem-solving, helping to professionalize governance and enhance operational effectiveness. Board meetings also served as platforms for setting priorities and exploring new market opportunities.

Facilitate Access to Markets and Technology

The majority of the 14 SMEs operate in local/ national markets (11), while four are also active in regional (multi-country) / international markets.


Truvalu supports its portfolio companies in growing and scaling by sometimes establishing smart connections with buyers, technology providers, or peers in the sector of the SME. See box 3 and [page 52](#) for examples.

The above activities have led to a number of notable outputs, first outcomes and impact in 2023:

Truvalu's co-entrepreneurial approach, the BDS to portfolio companies, our capital injection and board seat, have contributed to **strengthened SMEs with sufficient capital to grow, policies in place, technology, knowledge and awareness to improve sustainable growth and profitability**. SMEs indicate that they are more aware of the importance of having a strong company governance (including all sorts of policies).

BOX 3

Connections between peers: a relationship between Ecodudu and Marula



Ecodudu is an innovative Kenyan producer focused on sustainable agriculture through the production of Black Soldier Fly (BSF) larvae for animal feed and organic fertilizer for regenerative farming. While their current scale is small, Ecodudu has ambitious plans for expansion. **Truvalu introduced Ecodudu to Marula Proteen BV**: a leader in green innovation, specializing in converting organic waste into nutrient-rich fertilizer using BSF larvae. It operates decentralized production units at agro-processing facilities, ensuring efficient and scalable operations. A joint venture proposal has recently been developed between these two BSF focussed companies to produce and sell a supercharged organic fertilizer. The collaboration leverages Marula Proteen's advanced technology and expertise with Ecodudu's local market presence and production capabilities. A partnership aims to enhance Ecodudu's production capabilities and market reach, contributing valuable local knowledge and resources to the joint venture.

Photography by: Ecodudu



Truvalu's own ESG policy

Environmental, social and governance (ESG) issues and other considerations that extend beyond traditional financial statement analysis have from the start of our existence been a component of how our portfolio management teams assess and monitor investment opportunities. In 2023 Truvalu further formalized its internal ESG policy addressing its commitments towards promoting and creating positive ESG impact through our investment practices. The policy outlines the procedures established to evaluate prospective investee companies, monitor the portfolio companies with regards to the ESG parameters and support them in up-living these standards.

All SMEs in our portfolio indicate to be **aware** of the opportunities and the need for responsible (green and gender sensitive) business policies, practices and sustainable growth. As a bare minimum, all companies comply with national legislation (checked with local lawyers and other local experts as part of our due diligence process). Policies (including related operational documents) should refer to such national legislation, and ideally also to international laws, agreements and conventions.

A **code of conduct** instructs both staff and the suppliers (to our investees)

about what is expected from them, what they specifically need to do, and how to behave in their daily operations. In board meetings, Truvalu discusses how to further strengthen company policies and supplier relations

Our portfolio SMEs underscore their commitment to respecting national legislation regarding labour and human rights and the environment. Some of the smaller SMEs do not (yet) have written our all their commitments on paper, but most of them have specific policies in place (labour rights (13), human rights (11) and the environment (8)). SME policies include a commitment to address

human rights issues as working conditions, safe and health working conditions, gender equality, digital security, access to WASH and measures against sexual harassment. Additionally, some companies indicate they adhere to the Occupational Safety and Health Act (OSHA) and boast various certifications like organic certification or B Corp certification. These companies also implement Corporate Social Responsibility protocols, Hazard analysis and critical control points (HACCP), Sanitation Standard Operating Procedures (SSOP), and comprehensive management and security systems or have an elaborated credit policy.

The right to collective bargaining and freedom of association is not (yet) embedded in policies. Regarding career advancement, 7 SMEs have such policies in place, but it is prominently emphasized in only 2 of the SMEs we support.

SMEs indicate to consider **environmental sustainability** to be a priority, focusing on climate change, water conservation, biodiversity, waste management, and energy efficiency. Companies also mention their compliance with the National Environmental Management Authority (NEMA) and Best Aquaculture Practices (BAP).

As part of Truvalu's pre-investment due diligence process and post-investment coaching, strengthening of SME policies/ codes of conduct concerning environmental sustainability, human rights, and labor rights, though sometimes still a stretch for SMEs struggling to keep their heads up, is part of Truvalu's attention. We do this as a form of risk mitigation, but even more so as a way to create a positive ESG impact.

Truvalu is very much aware of the lack of awareness and knowledge in the overall SME sector regarding the importance of sustainable and responsible business conduct, more specifically of climate resilience, biodiversity and equality issues. Many SMEs, as well as investors, lack awareness and knowledge of the concept and benefits of for example green financing, or may not have sufficient knowledge and skills to identify, assess, and implement green projects and activities. Through the projects and programs we develop and implement, Truvalu aims to raise more awareness and strengthen SME responsible practices, with a green and gender lens.

FIGURE 3: Environmental policy commitments



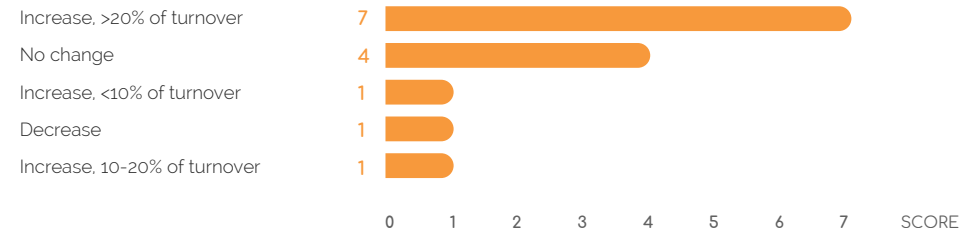
As part of Truvalu's pre-investment due diligence process and post-investment coaching, strengthening of SME policies/ codes of conduct concerning environmental sustainability, human rights, and labor rights, though sometimes still a stretch for SMEs struggling to keep their heads up, is part of Truvalu's attention. We do this as a form of risk mitigation, but even more so as a way to create a positive ESG impact.

Truvalu is very much aware of the lack of **awareness and knowledge** in the overall SME sector regarding the importance of **sustainable and responsible business conduct**, more specifically of climate resilience, biodiversity and equality issues. Many SMEs, as well as investors, lack awareness and knowledge of the concept and benefits of for example green financing, or may not have sufficient knowledge and skills to identify, assess, and implement green projects and activities. Through the projects and programs we develop and implement, Truvalu aims to raise more awareness and strengthen SME responsible practices, with a green and gender lens.

Strong connections with suppliers, buyers and technology providers

Most investee companies highlight they have been able to expand their market reach in 2023 through new buyer contracts, territorial expansions, and product innovations. 9 out of 14 companies experienced substantial growth (more than 20%) and 2 saw an increase in production between lower than 20%.

GRAPH 4: Increase in buyer contracts



Some companies found new suppliers (in several cases these were connections of Truvalu). They secured entries into leading supermarkets, pharmaceuticals and dairy retailers, buyers of animal protein, or acquired new orders from existing international buyers/customers. Some did strategic investments, moved to larger facilities, potentially doubling production, while others introduced new products like freeze-dried pet food and ready-to-eat fish. In Kenya, a ban on Chinese fish imports boosted local demand (see box 4).

BOX 4

Camino Ruiz- Kenya



Truvalu has invested into Camino Ruiz Agencies to help the company transform its business model from B2B to B2C and to leverage the opportunities of value addition. This came at the right time when the Kenyan government introduced an excise duty on the import of fish. Thanks to the local sourcing model Camino Ruiz had set up, the company was able to significantly increase its market share in the main supermarkets in Kenya. The company introduced different value added products, like ready-to-eat and tilapia filet. The high demand and hence steep company growth created a significant number of new jobs.



Photography by: Camino Ruiz

Most companies introduced **innovations** including fertilizer fortification, a tissue culture lab (see box..), vertical production, and zero-waste processes. Technological advancements like new ERP systems and AI-driven mobile apps also enhanced efficiency and revenue,

highlighting a dynamic year of growth and innovation. Three companies saw a decreased production, caused by various factors such as a temporary slowdown in demand (macadamia in Kenya) and lack of raw material (coconut in Colombia).

BOX 5

Technologies introduced: Growpact Tissue Culture lab



Tissue culture allows GrowPact Kitale in Kenya to produce a high number of high-quality and sterilized plantlets that can be easily distributed through the country and even beyond. In the tissue culture lab, the company is also introducing soil testing and virus indexing for the agriculture sector of Kenya, setting the stage for new data solution services offered by GrowPact and enhanced regenerative agriculture available to farmers. GrowPact also introduces new ways of seed propagation, herewith establishing linkages with a growing number of European companies. When successful, GrowPact will have contributed to food resilience in the Kenyan agricultural sector.

BOX 6

La Ruta de Chocolate - Colombia



The year 2023 has been one of our best years. The clients who knew us have been amazed by all the advances in infrastructure that we achieved. We built our event hall and our kitchen with the loan from Truvalu; for the transformation plant we obtained the air conditioners and power plant by ICCO. Thanks to Red Adelco we have improved the access road and more clients can visit us, all of the above within the framework of the PDET Routes Program (co-funded by the European Union in Colombia). We built our viewpoint with our own resources and received other support from allied entities such as SENA with the Emprender Fund. In 2024 we face a challenging year due to cocoa prices and it will be difficult to compete with bigger brands positioned with national reach."

MR. ALEXANDER CAICEDO

CEO, La Ruta de Chocolate - Colombia

Where does this all lead to?

The strengthened SMEs in emerging economies (with capital, policies, technology, knowledge to improve sustainable growth and profitability) and their improved connections on the markets results in:

SMEs are ready for larger investment rounds

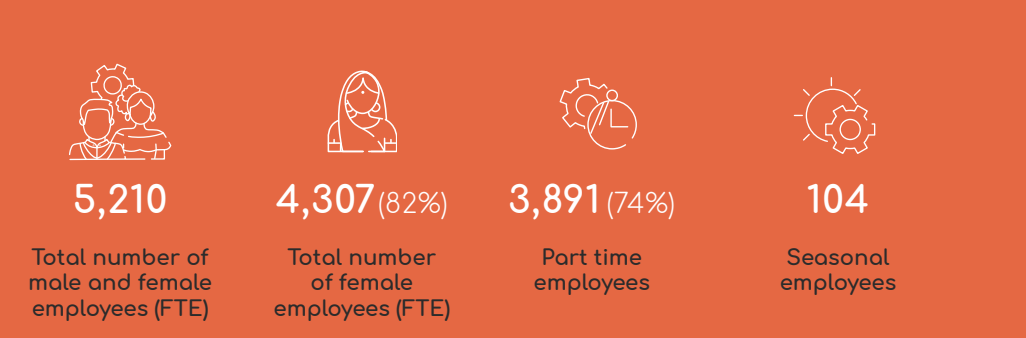
Truvalu is usually the first investor in the companies we invest in. One of the results of our co-entrepreneurial support, is the investment readiness of the company for a next round of investments. This is a phase where we assist, by reviewing pitch decks, business plans, and making

connections to potential new financiers, either for investments or for particular projects. We are proud to see other investors, like DGGF, Small Foundation, IDH, Yunus Social Business, and Nesst, also supporting the companies in our portfolio.

SMEs provide more jobs with higher productivity and with more decent and safer working conditions (especially for young people and women)

The number of people/ FTE employed by Truvalu's portfolio companies was 5,210 in 2023 (which is an increase from 4,315 in 2022). This increase is especially due to the increased number of SMEs in our portfolio.

FIGURE 5: Employment across all portfolio companies



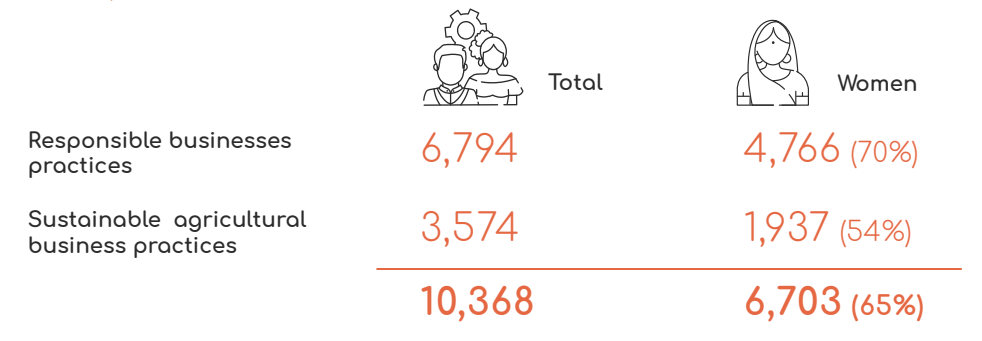
Just as last year, the high number of jobs can be largely attributed to one of our portfolio companies in Bangladesh that was able to keep growing its revenues substantially due to the onboarding of international buyers (a growth in 2023 of 895 FTE in this single company). Also Pomario, Camino Ruiz and Sevi contract a large number of employees. Taking out this outlier, 475 FTE remain, which is a growth of 367 FTE compared to 2022. The biggest growth is explained by the investments done in Kenya.

Out of 5,210 FTE employed by the SMEs, 4,814 FTE are considered **youth**, up to 35 years old. This is **92%** of the

workforce (63% in 2022). Good guidance, mentoring and attention for skills development of this young workforce is one of the points of attention mentioned by the entrepreneurs. Truvalu aims to collaborate more with other stakeholders to create and sustain meaningful job opportunities for young people. We consider investing in youth remains a priority for sustainable growth.

To improve productivity, and ensure good working conditions, SMEs train individuals in their company and/or value chain (farmers) in responsible businesses practices and sustainable agricultural business practices:

FIGURE 6: Total number of individuals trained by the SMEs in responsible/sustainable agriculture business practices



The type of responsible business trainings provided by SMEs in our portfolio were: operational procedures and safety; training about personal finance, leadership, and healthy nutrition; food safety and quality control; ISO Certification training; internal policies; responsible credit management; hygiene in manufacturing; first aid awareness and HACCP awareness and security in the workplace and health.

Training in sustainable agricultural practices were focused on: use of fertilizers (a training for farmer cooperatives); organic practices, policies and protocol; harvesting techniques; agri-production by using quality seedlings; post harvest handling; market trends in agri; propagation, handling and cold chain management; coconut benefits for the communities, utilization of coconut waste, coconut diseases and pests.

Strengthened management capacity and structures and more (gender) diversity in boards and management teams

We see a notable average percentage of women holding board and management positions, women employees and women throughout the value chains of the SMEs we invest in:



Wages and employee benefits

Employees in the SMEs (n=11) earn above the minimum wage, with most companies (n=10) also paying above the living wage (70% -100% of the companies). For all SMEs (n=14, 100%), employee benefits include healthcare, paid holidays, sick leave, maternity leave. 10 also mention pension contributions (71%) and 8 lunches (57%). Additionally, in a few cases, support includes educational loans, mental health counseling, and soft loans.

GRAPH 7: Additional benefits



A living wage ensures that employees can afford basic needs such as food, housing, and healthcare, promoting better quality of life and job satisfaction. Truvalu advocates for living wages to enhance productivity and sustain economic growth. In our assessments we conclude that this concept needs further research and a roadmap in the regions the SMEs operate to define the height of the wages. Living wage varies from country to country.

Payment to smallholder farmers/ suppliers

The total number of suppliers (farmers and/ or others) the 14 SMEs source from was 9,890 (compared to 8,399 in 2022). The percentage of **female farmers** was high: **73%** (to a large extent to be explained by CHP Bangladesh, and also Cocina Soluciones, Camino Ruiz, Natur and Cacao Pacifico.

Farmer's value can be defined as 'money in the pockets of the farmers' generated either through the sale of raw materials to our portfolio companies (suppliers) or through increased yields as a result of better inputs sold by our portfolio companies (clients). The average value of payments to a single farmer (excluding BGD) was: 610 euro (n=10).

BOX 7

Connections with suppliers



Cindy Coco is a company processing, marketing and distribution of coconut products, with a range of 20 products such as caramelized coconut, coconut in fruit, dehydrated, candy and drinks. The owner, Jaime Ponce, arrived in Cali 25 years ago from one of the poorest regions in Colombia, affected by violence, looking for opportunities to help his family and community.

The company is sourcing from around 175 smallholder farmers living in conflict areas and provides training to their farmers about good agricultural practices. Cindy Coco has 24 staff, all of them afro-colombians.



A lot of people in the pacific coast of Colombia depend on Cindy Coco and we feel obligated to continue growing the company to continue buying the raw material from our community."

JAIME PONCE
Cindy Coco Colombia

BOX 8

Empowering future generations of farmers through the GrowPact Academy in Kenya

GrowPact aims to widen its social impact through its Academy that would enhance the skills of smallholder farmers throughout East Africa and build domestic value chains and reduce import dependency for disease free seedlings. First steps were taken in 2023. GrowPact's Academy empowers farmers through online and offline training. Their proven seed management techniques boost productivity and profitability. This not only improves farmer livelihoods but also increases demand for GrowPact's high-quality seedlings, creating a sustainable cycle.



Photography by: GrowPact

BOX 9

A few examples of investees reusing, conserving and restoring natural resources

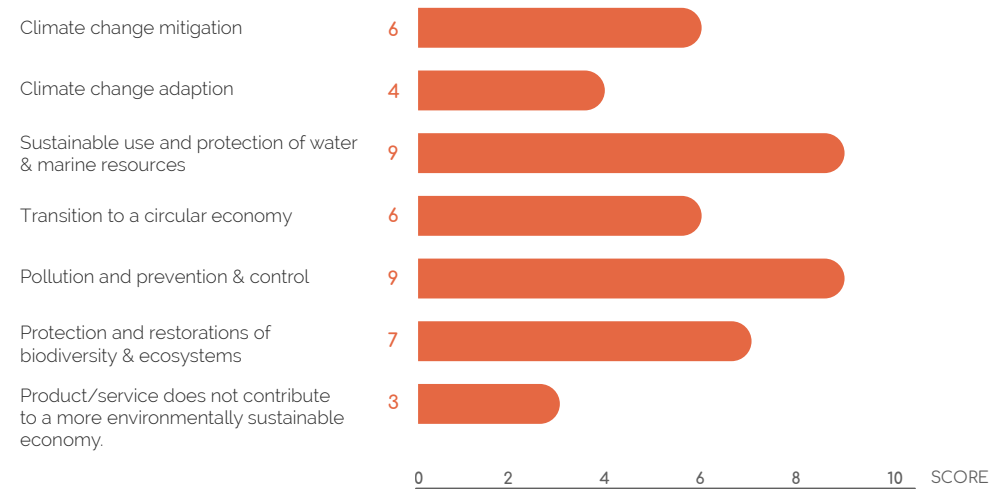
Pomario in Colombia is using mushrooms as natural fertilizers, eliminating pesticides in favor of plant-based products, and employing drip irrigation systems powered by renewable energy. These methods not only improve sustainability but also promote efficient water management, crucial for their water-steam-based technology. The Kenyan company Ecodudu is actively engaging in upcycling organic waste into fertilizers and insect proteins. For instance, organic waste from food processing is converted into valuable agricultural inputs, showcasing a commitment to circular economy practices.

SMEs innovate and are increasingly able to reuse, conserve and restore natural resources

Truvalu's portfolio companies are innovating their sustainable practices, demonstrating a commitment to environmental stewardship and efficient resource management. In our portfolio we have companies with innovative practices including recycling non-conforming nuts into cosmetic oils, reusing distribution materials, and selling shells for biomass, which exemplify waste reduction, reuse, and recycling principles.

Furthermore, efforts to reduce, reuse, and recycle materials are evident across operations, from minimizing gas energy use and optimizing production processes to implementing zero-waste policies. The SMEs are committed to sustainability, utilizing fewer natural resources and reusing the available materials, producing less waste, reducing the use of water, recycling packaging materials, avoiding the use of plastics, digitizing paperworks and reducing pollution. In Colombia, producer Cindy Coco innovatively utilized coconut subproducts to minimize waste and pollution, enhancing both environmental sustainability and market competitiveness.

GRAPH 8: Contributions to more environmentally sustainable economy



Assuming the companies will continue to grow, we expect the above results so far to lead to more efficient, inclusive, better positioned and managed SMEs, with more profits. We assume there will be increased and more stable income for

employees and suppliers (in particular smallholder farmers, young people and women), and SMEs using less natural resources, producing less waste and polluting less. Our impact measurement in years to come will tell us.

BOX 10

Pomario's environmental focus in Colombia

Pomario reuses packaging for its products, prioritizes organic production, and converts waste into fertilizer. Additionally, Pomario is actively involved in land recovery, transitioning areas previously used for intensive cattle production to more sustainable uses. The company now has an organic certification endorsed by CERES Colombia for the entire Yarumal property.



With this environmental work, we have transformed 10 hectares that until recently were in conventional intensive livestock farming, into an organic production field, where monthly we are applying 5 tons of organic matter per hectare, to recover the soil and keep it healthy."

LUIS MIGUEL BOTERO Financial Manager &
ELISA BOTERO General Manager



Photography by: Pomario

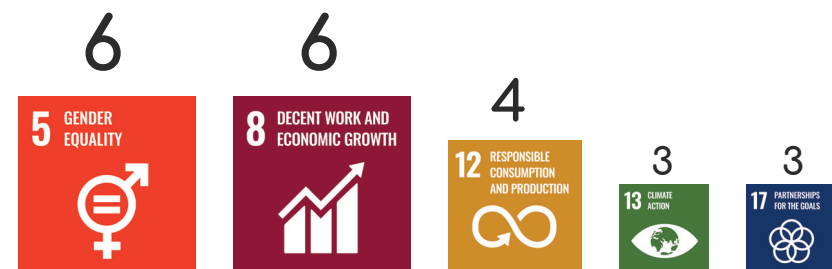
PATHWAY 2: DEVELOPING A SUPPORTIVE ECOSYSTEM



As we aim for a system change, the strengthening of local ecosystems and seeking collaborations with other stakeholders throughout the value chains is a core element of our operations. We do so in various ways, ranging from mapping key stakeholders and establishing working relationships with relevant actors in the system, to carrying our research and the collection of data, by designing impact related business models and multistakeholder programmes and by providing training for not-for-profit organizations that are adding impact investment to their operations or are interested in co-creating new business models with investors.

In 2023, we have carried out a varied range of TA activities, all funded externally, either by international development agencies, NGOs or foundations. An important criteria for us was to have an alignment with our long term ambition and the SDGs we aim to contribute to. The figure below shows a particular focus on SDG 5 and 8 (gender equality and decent work & economic growth), followed by SDGs 12, 13 and 17.

FIGURE 9: Projects' SDG contribution



Mapping stakeholders, conducting research and co-creating models to improve access to impact finance for SMEs

Truvalu and impact investor OneToWatch conducted research to understand the scope of climate financing for SMEs in Bangladesh. This included a mapping of key stakeholders in Bangladesh and abroad, their interests, an analysis of the financing

ecosystem and the opportunities for climate-focused SMEs and related policies. The outcomes of this scoping fed into the design of a blended-finance programme that reflects effective climate-resilient financing solutions and an enabling environment for communities, SMEs, and ecosystems in Bangladesh (see [page 44](#) for more information). As a result of this programme, a green fund structure will be set up, dedicated to harnessing the power of capital to drive positive change for our planet's climate.



Photography by Truvalu

challenges for female entrepreneurs (legal, access to finance, training/ skills, access to markets, technology, social norms). It clarified what makes gender lens investing different in terms of scouting, BDS, due diligence, and impact measurement. 2023 activities paved the way for a 4 year programme (Inclusive Growth: GLI Programme in Bangladesh) with the Embassy of Switzerland in Bangladesh, which kicked off in March 2024. Read more about GLI on [page 39](#).

Also in the PDETs program in Colombia, we continue to play our role as ecosystem facilitators. For example, Trulab and Truvalu orchestrated a cacao Business Round table between value chain actors: Farmers, SMEs and 12 potential national

and international clients (buyers). They held in-depth sessions on farms to learn about the planting processes, visited processing centers for post-harvest treatment, as well as storage and logistics spaces. A business round table was held where the companies and local organizations expressed that a visit allows businessmen to better understand the realities of the territories, break paradigms and become more willing to close negotiations. The number of links between the companies and organizations increased significantly after this visit. New clients (B2B, supermarkets) were approached, new products developed, and investments done in research and development.



Photography by Truvalu

Truvalu initiated a gender lens investing (GLI) initiative to raise awareness about gender-focused business solutions and to promote gender equality in investment decisions. This was done in collaboration with B-Bridddhi and with support from the Embassy of Switzerland in Bangladesh. Two events served as a catalyst for advancing gender equality and women's empowerment in Bangladesh's

economy. A first seminar raised awareness and sensitized investors, entrepreneurs, financial institutions and NGOs about the meaning and importance of GLI in creating inclusive and equitable business environments. A second interactive and again multi-stakeholder event discussed how to use a gender lens to understand problems caused by exclusion of women and identify the particular



Photography by PDET

Sharing knowledge

In all countries, Truvalu also organized and actively participated in a number of conferences and events ranging from the GLI events, focus groups discussions with Financial institutions in Bangladesh on climate financing, Business Roundtables (e.g. in Tumaco, Colombia with national and international cocoa buyers, see [box 7](#)) and panel discussions about impact investments (see page for an overview with some key events). Through LinkedIn we produced engaging content for our increasing number of followers (2.082 dd. 25.06.2024).

The above mentioned activities aim to contribute to a vibrant multi-stakeholder learning community focused on enhancing access to impact financing for SMEs. Truvalu has played a key role in fostering the collaboration bridging the gap between private, public, and multilateral entities in 2023. SMEs, as agents of change, are becoming integral to this larger community and we have first signs that SMEs are becoming more aware of their position and their value add in the ecosystem. In 2024 we will monitor these developments carefully.

Trainings

In 2023, Truvalu continued to offer online and offline training to third parties (NGOs and foundations), to familiarize them with impact investments. Truvalu equipped 6 NGOs with extensive **online training programs** and tooling focused on an introduction into 'impact investment', our co-entrepreneurship

investment readiness methodology and good practices, financial performance scoring and tracking of SMEs, business acceleration, financial modeling, investment planning, and social impact. Our "E-learning Impact Investment" course proved to be informative, insightful, and very much appreciated. A bootcamp and Business Case Financial Model (BCFM) training built the capacity of the implementing partners on their investment process and helped to finetune the investment process to their own investment thesis, criteria and investment policies. These trainings helped NGO participants to independently evaluate the business case of a company and apply the required and possible financing instruments. Over the years, we have learned the importance of tailoring in-depth training programs, to the specific investment theses and requirements of the organizations involved, as generic training often remains too theoretical and less impactful.

The Truvalu office in Colombia, together with its strategic partner Trulab, provided **offline capacity development** to the agri-food business acceleration and incubation program Qallariy Aceleradora of the NGO Ayuda y Acción in Peru. The objective was to promote the growth and organization of the entire value chain of natural products, such as fruits and vegetables, coffee, cocoa, bee products, citrus fruits, vegetables and to increase access to national and international markets, by strengthening strategic, operational, commercial and financial areas of businesses.

Our capacity development in 2023 also included the development of a training Module "How to Start a New Business," on request of the SME Foundation in Bangladesh. A training (in Bangla language) to equip participants with essential entrepreneurship knowledge and skills. Key topics in the training developed are starting, building, running and growing a business. The

training program has successfully equipped aspiring entrepreneurs with the necessary skills and knowledge to navigate the complexities of starting and growing a business, fostering a foundation for future entrepreneurial endeavors and contributing to economic development and job creation. With these modules, new groups can be trained by the SME Foundation.

To conclude:

Recognizing the interconnectedness of SME success with their financial environment, we addressed limitations in access to finance. Traditional banks perceive higher risks, public sector outreach is weak, and suitable lending models are scarce. Our initiatives last year fostered a supportive ecosystem for SMEs, strengthening their access to finance and value chain positions.



Research: A deep dive provided insights into existing financial products, funding gaps, and regulatory hurdles. Stakeholder mapping identified the relevant key players like government agencies, banks, NGOs, and incubators in the ecosystem. Interviews and workshops helped us understand their specific needs and challenges, facilitating stronger connections.



Innovation through collaboration: Inspired by successful models from our regions, we co-create innovative financial models with stakeholders (banks, SMEs, NGOs, etc.) during collaborative events (e.g., green and gender lens finance). This fosters tailored solutions for SMEs.



Building bridges: We connect SMEs with banks, investors, and partners through events, conferences, and online forums. Additionally, capacity development for non-profit entities highlight the value of impact investing in SMEs, paving the way for future public-private collaborations.



Synergy for systemic change: We partner with banks, business associations, governments, development institutions, NGOs, and knowledge institutions. This commitment to systemic change fosters an environment where shared value and responsibility are central.

TWO WOMEN WITH ONE AMBITION: PUTTING GENDER EQUALITY ON THE AGENDA OF IMPACT INVESTING

Machteld Ooijens and Sharawwat Islam are two women in the leadership of Truvalu. Sharawwat has been the Managing Director of Truvalu Bangladesh since 2018 and is based in Dhaka. Machteld joined Truvalu in 2023 as Partner and Director Global Programs & Partnerships of Truvalu at the head office in the Netherlands. From the first moment they met, they found out that - although their worlds differ a lot - they have a lot in common. One of the things is their enormous ambition to put gender equality on the agenda of impact investing.

Two women with very different backgrounds and similarities

Sharawwat was raised in Dhaka, Bangladesh. Her father was an officer of the Bangladesh Air Force and her mother was a stay-at-home mom. It was her mother who taught Sharawwat the value of discipline, equality, justice, integrity and gender equity. "Like many others in her generation, my mum didn't get a lot of chances and she made sure that I would get those chances to develop myself", Sharawwat explains. Sharawwat had the opportunity to experience different cultures when her family accompanied her father to foreign countries where he was placed for his work. "This opportunity to interact with people from different cultural backgrounds helped me widen my perspective."



“

This opportunity to interact with people from different cultural backgrounds helped me widen my perspective.”

SHARAWWAT ISLAM,
Managing Director Bangladesh, Truvalu

Machteld (Dutch) was born in Mexico, where her father worked for the UN. She grew up in the Netherlands, but just as Sharawwat, her family's lifestyle afforded her the privilege of traveling, exposing her to diverse cultures, religions, and ways of living. "These experiences left an indelible mark on me, igniting a profound sense of inspiration. My parents raised me with values like honesty, integrity, justice, solidarity and equality for all. And my mum, just like Sharawwat's mother, didn't have the opportunity to go studying when she was young. That has been a motivation for her to make sure her children would get as many opportunities as possible."



These experiences left an indelible mark on me, igniting a profound sense of inspiration. My parents raised me with values like honesty, integrity, justice, solidarity and equality for all."

MACHTELD OOIJENS

Director Global Programs & Partnerships, Truvalu

Passionate about inclusivity

One more thing that both women have in common is their motivation for women economic empowerment and gender inclusivity. Sharawwat sees many women in her country that do not get the same opportunities as men, in society at large and in the financial world she has always been working in. "I have seen women being underrepresented everywhere - in the boardrooms, management and workforce of large and small businesses, so in the client base of financial institutions. This has made me realize the importance of highlighting women entrepreneurs, professionals and investors. Women leadership in the impact investment ecosystem is needed more than ever."

Machteld's motivation to work on gender equality grew when she did fieldwork across Central America during her studies, focusing on access to finance programs. "This experience gave me the opportunity to collaborate with women micro and small entrepreneurs. Witnessing their determination has inspired me and shaped my personal mission: fostering equal opportunities for all. By investing in diversity and gender equality, in women economic empowerment, we not only uphold principles of fairness and justice but also unlock societal and economic potential. We know from worldwide research (of for example [McKinsey](#), [EY](#), [ILO](#), [BCG](#), [IFC](#) and [ICRW](#)) and our own practice, that the business case is very clear. Companies with a more gender diverse management team and workforce outperform their peers in terms of profitability, productivity,

innovativeness, creativity and financial stability. They show reduced employee absenteeism and turnover and have less cases of harassment. Gender-balanced leadership teams are more likely to apply gender sensitive recruitment processes, training, promotion practices and women-friendly policies. This supports the retainment of talent and employee motivation. "Inclusive finance can be powerful for an equitable financial landscape and societal impact. This is what Truvalu aims to contribute to."

Gender equality in Bangladesh and The Netherlands

The fact that there is still a world to be won is evident from the current position of women. According to the Global Gender Gap Report 2023 by the World Economic Forum (WEF), [Bangladesh](#) has emerged as the top performer in

South Asia in terms of gender parity. With a score of 72.2%, Bangladesh ranks 59th globally. However, there lies the need for progress to be made in terms of women's true economic empowerment. According to the Labour Force Survey 2022, in Bangladesh, only 35% of the [formal labour force](#) consists of women and female entrepreneurs account for only 7.2% of overall business owners. Sharawwat underscores that "Dropout rates of women working at lower and mid-management levels are high, especially after they have children. This can be explained by the lack of a conducive environment for women in terms of maintaining a good work-life balance."

**GENDER LENS
BANGLADESH**



72.2%
Gender Parity

35%**

of formal work force
consists of women



7.2%**
Female
Entrepreneurs

*Global Gender Gap Report 2023 - WEF

**Labour Force Survey 2022



“

Dropout rates of women working at lower and mid-management levels are high, especially after they have children.”

Photography by: CHP

The Netherlands ranks 28th in the same Global Gender Gap ranking. Women are still underrepresented in leadership positions and often face challenges related to the gender pay gap. Regarding financial inclusion, women in the Netherlands are less financially independent than men, and less likely to sustain or scale their businesses. This discrepancy is attributed to limited knowledge about accessing capital, as well as a lack of guidance on identifying investors and the absence of role models and mentors. Moreover, women often shoulder a disproportionate share of caregiving responsibilities. At the side of financial institutions an unconscious bias of investors is present. "It is remarkable that access to finance is still too limited, given the evidence that women clients worldwide have better loan-payback rates, are loyal customers, and more cautious investors."

Gender inclusivity on the agenda of Truvalu

Enough reason for Truvalu to put gender equality, SDG 5, intentionally on the agenda. "This means", Sharawat explains, "that we are internally looking how we can increase women's participation in our own Bengali and global team, as well as discuss the promotion of gender diversity in hiring and promotion at the level of SMEs." Machteld adds that "at global company level, Truvalu integrates a gender lens in its investments. This involves our leadership commitment, policy guidelines and explicitly incorporating gender considerations into our investment ambitions. "So we put our gender glasses on when we scout for new companies, we enter networks where we can find more gender focused SMEs, we look at the

percentage of women in the board of a company, and so on. We discuss with the entrepreneurs how to introduce more gender sensitive interventions in the workplace of their company. Next, we pay more attention to data collection, impact measurement and management (beyond the numbers counted, aligned with the globally acknowledged 2xCriteria) and reporting (such as on gender diversity in leadership, gender sensitive working conditions, representation of women in value chain activities)."

In 2023, Truvalu organized two multi-stakeholder events to get a better understanding of the challenges and opportunities for Gender Lens Investing (GLI) in Bangladesh. Both women are excited about the possibility of working on a four year GLI programme with support of the Embassy of Switzerland in Bangladesh. "We will keep raising awareness about the importance of gender diversity for

investment performance in the (impact) investing ecosystem, provide business development services, mentorship and networking opportunities for women-focused businesses."

The future: Looking at impact investing through a gender lens

Truvalu is on a journey to further integrate a gender lens in its global impact investments. Machteld: "We believe that together with others, we can achieve remarkable results and learnings in terms of gender inclusive investments. We are open to discuss opportunities with partners to contribute to more gender equality in the emerging economies we operate." Sharawat emphasizes: "Truvalu is ready to not only walk the talk but lead the GLI movement in Bangladesh and we invite others to join us in this endeavor!"

“

Truvalu is ready to not only walk the talk but lead the GLI movement in Bangladesh and we invite others to join us in this endeavor!"

TIMELINE OF EVENTS

In 2023, Truvalu organized and actively participated in events with ecosystem players to learn with others, to network, to stay up to date, to gain synergies, and to show-case our own experience, expertise and the solutions we have found.

21 & 22 February

Kenya
EU - Kenya
Business Forum

1 & 2 March

Kenya
Sankalp Africa Summit -
Transformative Impact

1 April

Bangladesh

Truvalu's Managing Director of **Truvalu Bangladesh** and Advisory Board Member of Bangladesh Women Investors Network - BWIN, joined the Local Networking Session of the SARDI. WeScaleInvestor connect program and shared about Truvalu's work around supporting women-led SMEs in the ecosystem.

April

Kenya
Access to Finance Roundtable

Truvalu contributed to the 'Access to Finance Roundtable' organized by the Embassy of the Kingdom of the Netherlands in Kenya. Attendees discussed the ways to improve access to finance for entrepreneurs in Kenya and explored how collaboration and synergies can be created among the financing partners.



4 & 5 September

Netherlands
Best of Bangladesh

Truvalu facilitated a panel discussion at the exciting "Best of Bangladesh" event in Amsterdam, organized by the Ambassador of Bangladesh in the Netherlands and **Mostafiz Uddin** and his BAE team. Together with Willem Grimminck of One to Watch and Erik Parriger of Orange Corners, Truvalu talked about their impact investment experiences in Bangladesh.



27 - 29 September

Peru
15th Expoalimentaria 2023

The Qallariy Action Aid Acceleration Program supported by **Truvalu** and Trulab presented at the 15th Agroalimentaria in Lima, Peru, sharing the experiences and success stories of companies and cooperatives strengthened in recent years. The team had the opportunity to hold bilateral meetings with several companies that meet the program's eligibility requirements and have interesting export potential.

January

April

September

24 January

Bangladesh
Signing of a Memorandum of
Understanding (MoU)

Truvalu Bangladesh joined hands with the SME Foundation to facilitate the economic growth of impact generating SMEs in Bangladesh. A partnership to work towards overall market development and empowering SMEs with financing and capacity development vehicles.



2 March

Bangladesh
Opportunities and Prospects of
Gender Lens Investing (GLI)

As an advanced celebration of Women's day 2023, Truvalu organized a seminar on GLI in Bangladesh in collaboration with Biniyog Briddhi and with support from the Embassy of Switzerland in Bangladesh.



18 April

Netherlands
Connection Works Conference

Truvalu contributed to a panel discussion during this conference on decent jobs, skills development and education for young people in the African region, at the Randstad headquarters in The Netherlands. Organized by **VSO Nederland**, **Edukans** and **Randstad**.



26 September

Bangladesh
Gender Lens Investing: A Co-Creation and
Co-Designing Workshop with the Ecosystem Players

Interactive workshop, organized by Truvalu together with the B-Bridhdi programme, for entrepreneurs, development organizations, financial institutions, NGOs and impact investors, bringing together different perspectives and jointly exploring effective tools, techniques, and methodologies to implement GLI in Bangladesh, facilitating the growth of women-led and women-focused businesses.





5 October
Netherlands
Frontiers in Seed Sector Development

Presentation by Truvalu at this event, organized by SeedNL, a public-private partnership between the Dutch Ministries of Foreign Affairs and Agriculture, along with private sector associations Plantum and NAO (Netherlands Potato Organization).



1 November
Netherlands
Shaping Feminist Foreign Policy Conference 2023

This Conference marked a milestone for advocating a feminist approach to Dutch foreign policy, centered on equal rights and inclusive diplomacy. Truvalu moderated a panel (hosted by RVO) on integrating a reality check into development approaches for gender equality and reaffirmed its commitment to equitable distribution of power, value, and profit, and a gender-equal future.

2 November
Netherlands
Netherlands Agricultural network

Truvalu Netherlands actively engaged in a network event hosted by the Netherlands Agricultural Network, centered on 'The Future of Horticulture in Emerging Markets.' The overarching goal was to foster collaboration for innovative solutions enhancing global food system productivity and resilience while fortifying nature and biodiversity.



23 -26 November
Bogotá, Colombia
5th edition of Chocoshow 2023

This fair, organized by FEDECACAO and Corferias, offered a wide commercial exhibition by 150 exhibitors, experiential, academic and business activities, all around the cocoa subsector and chocolatiers of the country. Truvalu and Trulab supported associations and companies that are part of PDETs program to present their products and positioning for market opportunities. Nearly 18,000 people visited the fair.

October

November

December

4 October
Bangladesh
Bangladesh Climate Forum

Truvalu participated in the Bangladesh Climate Action Forum: 'Driving Climate Action through Technology, Innovation, and Collaborative Financing for a Just Transition'. A platform, dedicated to catalyzing transformative change towards a low-carbon, climate-resilient economy, ensuring a just transition for the future.



2 November
Bogotá, Colombia
Primer Encuentro de Inversión de Impacto - NAB Colombia

Truvalu participated in the First Impact Investment Meeting in Colombia aimed to position the country as a destination for private capital that seeks to contribute to the solution of social and environmental problems while generating financial returns. Contacts were established with other capital providers as Rabobank Foundation, SVX, Canadian Embassy, the Chamber of Commerce.



16 November
Netherlands
MoMo4C (Mobilising for Climate Impact Mixer pitching event)

Truvalu participated in the panel discussion with African entrepreneurs, organized by **Wereld Natuur Fonds (WWF-NL)**, **IUCN** and **Tropenbos International**. Focus in the discussions was the scalability of climate smart businesses to realize impact at scale. The business case, the financing mix and the regulatory framework are all key drivers for success.



26 - 30 November
South Africa
4th Annual Convening of the Collaborative for Frontier Finance

Truvalu co-led the workshop 'Scaling Impact', with Balloon Ventures from Kenya/Uganda. This was aimed at Local Capital Providers (LCPs) tackling the 'missing middle' financing gap in emerging markets.



A BLENDED FINANCE COLLABORATION IN BANGLADESH: ACCESS TO GREEN FINANCE FOR SMES



Photography by: Truvalu

Climate risks and opportunities in Bangladesh

Bangladesh has made significant progress in growth but remains highly vulnerable to climate change. Although it contributes only 0.56% to global emissions, it ranks seventh on Germanwatch's [2021 Global Climate Risk Index](#). Between 2000 and 2019, Bangladesh suffered economic losses of USD 3.72 billion from 185 extreme weather events. The UN Intergovernmental Panel warns that Climate change could reduce Bangladesh's GDP by 2% to 9% by mid-century. Women are especially affected, making up 80% of those displaced by climate change (UN Environment).

Bangladesh is the 35th largest economy globally and the third in South Asia, with a steady growth rate of 6%-7%. As of June 2023, it was reported as the fastest-growing economy in the Asia-Pacific region. Transitioning to renewable energy is essential to sustain this growth and prevent disruptions in production and supply chains.

Bangladesh requires significant investment in the climate and clean energy sector to meet its [Nationally Determined Contributions](#) (NDCs) from the Paris Agreement. The [International Finance Corporation](#) estimates that \$172 billion is needed by 2030 to achieve these goals.

Small and medium-sized enterprises (SMEs) are vital for economic growth but are particularly affected by climate change. Potential Impacts include job losses, economic decline, infrastructure damage, disrupted production, and increased resource costs. SMEs cannot often adopt green technologies due to their size and limited investment. Addressing these challenges involves implementing renewable energy, pollution control, waste management, energy-efficient machinery, climate-resilient agricultural practices, and recycling systems.

Key barriers to SME climate resilience include limited awareness, knowledge gaps among financial institutions and investors, and policy implementation issues. Promoting access to finance for SMEs is essential. Financial institutions and investors are critical in advancing green recovery through gender-smart climate finance initiatives, including women-focused businesses. Resource mobilization and equitable resource allocation are crucial for reducing societal inequalities.



Truvalu and One to Watch Team Building in Gazipur, Bangladesh, February 2024

A collaborative approach involving the government, private sector, SMEs, investors, financial institutions, and

development organizations is essential for climate adaptation and mitigation in Bangladesh.



Blending public, private, and philanthropic capital can incentivize climate-smart solutions. Empowering SMEs to implement these solutions can significantly impact the environment and benefit low-income communities.

A multi-year initiative for impact

Truvalu, supported by the Embassy of Switzerland and in partnership with the [United Nations Capital Development Fund \(UNCDF\)](#) and [One to Watch](#), launched the Access to Green Finance for Enterprises (A2GF) program. This initiative engages SMEs (especially women-focused), financial institutions, investors, and policymakers to facilitate green financing, helping SMEs adapt to and mitigate climate change risks.

A2GF is a multi-year project to enhance capacity development for financial institutions and impact investors, provide technical assistance and facilitate access to green financing for SMEs, and advocate for supportive policies. The goal is to improve economic opportunities and resilience for marginalized communities by enhancing green financing and SME capacity to deliver low-carbon, climate-resilient solutions.

Key interventions include raising SME awareness about green business practices and available financing options. SMEs will receive financial literacy training, technical assistance, business development support, and investment readiness guidance. Emphasis will be placed on digital financial literacy and strong governance within SMEs.

Green financing loans are mostly given to larger corporations because SMEs often need more knowledge and resources to meet central bank requirements. The A2GF Program includes training for financial institution employees and (impact) incentives to encourage financing for SMEs.

The program also aims to equip (regional branches of) financial institutions and investors to expand their green portfolios and incorporate a gender lens. Financial institutions will receive training on evaluating green financing proposals based on ESG guidelines and risk management strategies. SMEs will be integrated into the formal financial system through capacity-building support. A2GF's partnerships with selected financial institutions is one of the critical steps to ensuring access to green finance for SMEs.

One to Watch and Truvalu joined forces under the banner of OneTrueValue to enhance access to climate financing in Bangladesh. They will co-launch a Green Fund to mobilize further funding and partnerships. Initially, the fund will aim to invest through replicable, scalable, and proven financing models to finance green solutions. A financing vehicle modeled as an Energy Service Company (ESCO) is one of such models that we are currently focusing on. We will also explore the possibility of collaborating with other investors.

SDG IMPACT TO ACHIEVE





TRUVALU LEARNING: UNVEILING IMPACT INVESTING OPPORTUNITIES IN BANGLADESH

Truvalu's presence in Bangladesh has provided a valuable window into Bangladesh's unique financial landscape. In 2023, you again analyzed the appetite for investments in your country. Can you shed some light on the exciting possibilities of impact investing in Bangladesh?

Sharawat: "While banks typically cater to larger corporations and provide SMEs with working capital rather than funding for (capital-intensive) investment projects, and NGOs and MFIs support micro-enterprises, there's a gap for SMEs seeking funding for growth-oriented projects. The number of private equity and venture

capital firms remains low, focusing primarily on tech-based startups with impact as a secondary concern if at all. This untapped potential for impact investing is what initially drew us to Bangladesh seven years ago. Bangladesh offers a perfect blend of opportunity and impact. Bangladesh boasts a strong, growing economy with a motivated workforce and an enormous consumer market. This can translate to solid returns on investments while creating lasting positive change across the value chain. Imagine empowering small producers, generating new jobs, especially for youth and women – that's the kind of impact we are passionate about."

Impact investing in Bangladesh is still in its infancy. What are the main challenges that you see in your own country?

Sharawat: "Impact investing in Bangladesh is still nascent, and there are hurdles to overcome. Bureaucratic complexities can make the investment process lengthy, and regulations around capital repatriation can be unclear, especially for equity investments. Negative media portrayals can also deter investors. Additionally, there's a tendency to focus heavily on the garment industry, neglecting other sectors with vast potential, like agriculture."

Despite these challenges, you believe Bangladesh offers significant opportunities for social and environmental impact. Can you give us some examples?

Sharawat: "Despite rapid growth, Bangladesh faces social challenges where investors can make a substantial difference. For that reason, the opportunities for social and environmental impact are big. Investments in clean energy, climate-smart agriculture, and cold chain logistics can significantly address climate change. We see a huge potential in empowering gender-focused businesses to bridge the gender gap. Furthermore, supporting companies that adopt sustainable practices to meet EU due diligence requirements can foster long-term, mutually beneficial partnerships."





KEY TAKEAWAYS FROM 2023

To contribute to a more just ecosystem with better connected and financed SMEs, Truvalu aims to share its lessons learned in 2023 in the benefit of the collective knowledge of the sector. In this chapter we listen to Truvalu's country Managing Directors, sharing some key lessons from 2023: Sharawat Islam from Bangladesh, Adres Jimenez from Colombia and Peter Owaga from Kenya.

Rethinking investment strategies

What new insights have you gained in 2023 regarding Truvalu's investment strategy?

Andres: "We have been learning and adapting our approach based on our experiences. In our various geographies we see a difference in how entrepreneurs look at equity versus debt. Whereas we saw entrepreneurs being reluctant to equity in the past, slowly by slowly we see a bigger appreciation of equity coming up. We are more and more

successful by tailoring investment products to the business's age and capacity. This fosters a better environment for entrepreneurs and aligns with their needs."

Peter: "In addition, we are also increasingly using robust data and blended finance models. This allows us to achieve a better balance between costs, risks, and returns. It's a win-win, enhancing scalability and maximizing impact, which is crucial for us."

Truvalu has a strong focus on the "missing middle" segment. Impact investors globally know how important and challenging this is. How crucial are de-risking incentives and leveraging blended finance for the success of investments?

Andres: "Addressing the missing middle¹ financing needs is highly challenging, even more so in the agri-sector where risks are high and returns realistically are lower than e.g. in tech. The issue is not so much a lack of financing, but a mismatch between supply and demand of capital. In the sector, a strong ready-to-invest pipeline is often absent, and new investments have high overhead costs. As costs, risks and returns are not sufficiently balanced in this segment, but investors rightfully seek for the right balance between returns and impact, donor-supported incentives like first loss mechanisms or other de-risking structures are very essential to cover investment risks, while cost contributions would support scaling. Truvalu for that reason will intensify its collaboration with DFIs and foundations to organize de-risking blended finance models."

How important is patient capital for SMEs in your segment?

Peter: "Sustainable agricultural growth requires long-term investment and patience given the nature of the sector. Immediate returns may be limited, but consistent and patient capital investments can yield significant benefits over time. As Andres said, achieving double-digit net returns in agri in emerging economies has proven

difficult in the past, especially for capital without the appropriate balance of risk versus return in the ecosystem. Investors and companies must commit resources for extended periods, recognizing that the maturation of agricultural ventures involves overcoming initial challenges and building a foundation for lasting success."

We are seeing huge tensions in the world at the moment. In your experience, how vulnerable are small companies to external shocks?

Andres: "Many small agricultural companies produce niche products, such as organic, high-quality, single-origin, or specific varieties. While these products can command premium prices, they are also more vulnerable to external shocks, such as those caused by the COVID-19 pandemic, inflation, energy crises, or geopolitical events like the Ukraine conflict. However, the niche nature of these products also means that small companies often need only a few large buyers to get back on track, highlighting an advantage of being small and specialized. Finding buyers who recognize and are willing to reward the impact generated by small businesses by helping them grow through a predictable demand over a period of time, is a major challenge. A very interesting finding, is that locally owned businesses in these economies often display greater resilience and longevity compared to those in developed economies. This can sometimes lead them to different alternatives that keep them afloat in complex financial circumstances."

¹ SMEs tend to be too large to be served by microfinance institutions and yet too small and high-risk to be attractive to the formal banking sector, resulting in what has been termed the "missing middle."

Co-entrepreneurship and supporting SME growth

You are supporting SMEs to grow. What are some of the most important takeaways from 2023?

Andres: "To start with, we observed that transitioning towards a business model focused on value addition is a challenging endeavor. Entrepreneurs need a deep understanding of their value chain, the ability to innovate constantly and manage growth alongside their daily operations. This often requires new skills, a strategic approach to uncertainty, and a willingness to take calculated risks."



Entrepreneurs need a deep understanding of their value chain, the ability to innovate constantly and manage growth alongside their daily operations.

ANDRES JIMENEZ

Managing Director,
Truvalu Colombia

Entrepreneurial optimism is crucial, but scaling really demands a different skill set. We know that strong leadership with a focus on effective governance is essential. A skilled (mid-)management team sets clear, long-term goals aligned with the company's vision, regulations, and legal considerations. They also ensure sound financial management (budgeting, forecasting, cost control) and operational efficiency (process optimization, quality control). Additionally, strong leaders build cohesive, motivated teams, fostering a positive work environment and low employee turnover. They can also pivot quickly in response to market shifts, keeping the business competitive."

Peter: "We have also seen that most of the assessments done by the entrepreneurs for investments are not always the most realistic. SMEs e.g. tend to underestimate the complexities of importing machinery or obtaining licenses, leading to delays and cost overruns. Good project management practices that account for these potential setbacks are crucial. Proper upfront planning is an area that often needs strengthening."

Let's further dive into the lessons learned related to your co-entrepreneurship approach. Once you invest in SMEs with equity, Truvalu becomes a shareholder. What did you learn regarding shareholder perceptions?

Andres: "Shareholder perceptions can vary widely, especially in multicultural contexts. When Truvalu becomes a shareholder in a business, it can fundamentally change entrepreneurs'

expectations of our services." The phase prior to the Truvalu capital investment has been quite intensive in providing business development services, which in some cases is subsidized by other stakeholders who want to improve the value chains. So when Truvalu becomes a shareholder, companies have the perception that development services will continue indefinitely as part of our contribution, which is not viable because we need resources to cover that type of collaboration. To avoid these misunderstandings, it is important to be clear about what our role as shareholder and what our role as a service provider could be, and also commit both parties to finding the resources to cover this continuous need for support services of the company."

Are there any other lessons learned regarding governance structures within SMEs?

Peter: "Many SMEs have underdeveloped governance with unclear distinctions between board and management roles. Entrepreneurs might not fully grasp the commitment required of board members. Managing these expectations and ensuring adherence to agreements is vital; while also maintaining some dynamism as the companies evolve over time. Standardizing board agendas and reporting and regularly checking on decisions and action items is often needed. Sometimes, our own close involvement in multiple roles (board member, investor, partner) can blur the lines of responsibility, making enforcement trickier."

Let's talk about financial management. As part of your co-entrepreneurial way of working, you strengthen SMEs in their financial management. Why is this important?

Sharawwat: "In our practice we have seen many SMEs struggle to separate personal and company finances. This can lead to financial mismanagement, inaccurate statements, cash flow problems, tax implications, and difficulty securing loans or attracting investors. Poor bookkeeping also limits solid financial management which harms the business's reputation and credibility with customers, suppliers, and financial institutions. As part of our pre-investment support, we help strengthen financial management. This involves educating entrepreneurs on the importance of separate accounts and proper financial management. Tools like separate bank accounts, regular audits, and professional accounting services ensure a clear distinction between personal and business finances, promoting healthy business growth."

Building a strong foundation seems crucial. How do you ensure SMEs get the Business Development Services (BDS) they need?

Andres: "Most SMEs need BDS in strategic, commercial, and financial areas. We often see a critical need to raise awareness of responsible business conduct and financial management. Entrepreneurs' knowledge in these areas can be overestimated. Comprehensive training and coaching are essential for building a strong foundation for growth. It's important to understand that SMEs need a certain level of maturity for our

support to have a lasting impact. Stable operations, robust governance, and a clear strategic direction are crucial. Without this foundation, efforts to scale impact can falter."

Peter: "While pre-investment BDS is seen as crucial for securing funding, paid-for post-investment support can be harder to agree upon. Emphasizing the ongoing benefits and necessity of continuous support is vital. Building capacity in business management and transparency is key to overcoming investor concerns and preparing SMEs for new investments.

Given the value we see in ESG risk mitigation and impact creation, capacity development in this is increasingly important for us as well. And the evolving legislative landscape in Europe, with directives like the Corporate Sustainability Reporting Directive and human rights due diligence legislation, presents additional challenges for SMEs exporting to Europe. Compliance with stricter standards can be daunting for resource- and experience-limited SMEs. Providing guidance and support (coaching, capacity development) is crucial to help them meet these new requirements."

How can you make this kind of BDS more accessible for SMEs?

Sharawwat: "Ticket sizes for the "missing middle" are often too small to cover all BDS costs, and SMEs can't always afford them entirely.

Public grant funding for BDS can significantly support investments in SMEs. This attracts investors who are confident in the support structures available to the businesses they invest in. Improvements reduce investment risk, growth potential increases return on investment, and added capacity makes SMEs more resilient and better positioned for long-term success. This was also confirmed in an interesting [report of ISF Advisors](#) about the effectiveness and cost-efficiency of BDS programmes for agri-SMEs. Flexible payment structures can make BDS more accessible and sustainable for SMEs. This can ensure they receive the necessary support without financial strain."

Peter: "When we talk about capacity development, we also see that advanced technologies (such as those used in innovative seedling production) can enhance productivity and efficiency in agriculture, but human capability is the true driver of progress. Investing in training and development for local farmers ensures technology is effectively utilized and integrated into existing practices. Knowledge transfer and capacity building are essential for maximizing the impact of technological innovations. For that, we try to work more and more with technical experts, NGOs and corporations."

“

When we talk about capacity development, we also see that advanced technologies (such as those used in innovative seedling production) can enhance productivity and efficiency in agriculture, but human capability is the true driver of progress”

PETER OWAGA

Managing Director, Truvalu Kenya

Climate change and a more regenerative approach on Truvalu's agenda

You decided to have a stronger focus on climate change and to adopt a more regenerative approach. What was the reasoning behind?

Peter: "The urgency of climate change is undeniable, and its impact on agriculture is severe. We see soil depletion, rising greenhouse gas emissions, reduced biodiversity, malnutrition, and inequality, all interconnected challenges. Fortunately, a movement towards a regenerative economy is gaining momentum, and Truvalu's ambition is to be a part of it. The current economic system often suffers from wealth and opportunity gaps, prioritizes extraction over sustainability, and struggles to coexist peacefully with nature. Truvalu addresses these issues by investing in and supporting SMEs that are intrinsically motivated to be good stewards of their environment."

Andres: "We target agri-SMEs that work in harmony with nature, promoting biodiversity rather than harming it. We seek profitable businesses aligned with sustainable practices across various areas – irrigation, biodiversity, crop protection, food loss reduction, alternative proteins, social equity, reducing carbon emissions and food

waste, and local food systems. We promote a conscientious use of our planet's resources. Our investees are driven by a desire to create positive change within their local economies. They provide decent jobs, training opportunities, and career development paths for their employees. They are committed to resource conservation and restoration, actively supporting their communities, and delivering sustainable products to their customers."

Peter: "Together with our investors, other financiers and partners, we act as a catalyst of change by strengthening our investees, and through them also their supplying and/or client smallholder farmers, other suppliers, customers and communities. We can inspire and capacitate SMEs and others to make food production future-proof in an innovative way. Our portfolio companies demonstrate a range of innovative approaches: they work for example on circularity (organic fertilizers, healthy soil, reuse), responsible water use and composting (Growpact); waste to value (BigThundernuts); alternative protein (Ecodudu), good food and soil regeneration (Pomario); energy and resource efficiency (CHP). Beyond environmental considerations, we guide our investees on the social dimensions in their companies and value chains, paying attention to good and fair prices, decent work and gender and inclusivity."

System change and impactful investing

Truvalu's Theory of Change has evolved to focus on a system-wide approach. While supporting individual SMEs is important, lasting impact also requires addressing the bigger picture. Can you elaborate on what that means in practice?

Andres: "To achieve system change requires engaging a broad range of actors, including foundations, NGOs, governments, and academies (research institutes), who bring various forms of capital—social, cultural, and political. Addressing so-called "wicked problems" demands innovative thinking and collaborative approaches involving diverse stakeholders from profit and non-profit sectors, public and private spheres, and all levels of government. By combining strengths, these diverse actors can reduce risks and amplify development impact, achieving greater outcomes together. The key is finding partners that share the same vision and are capable of driving systemic, transformative change."

Sharawwat: "We look beyond just the SMEs themselves. We aim to strengthen entire value chains and improve the overall business environment for these companies. This involves tackling the root causes of challenges faced by SMEs and the ecosystems they operate in. We recognize the interconnectedness of the system. Through stakeholder mappings, we identify and actively involve relevant players – governments, businesses of all sizes, NGOs, and communities – to work together for change."

That sounds like a long-term vision.

Andres: "It is. Our goal is to transform these systems and create lasting positive impacts. We achieve this by co-creating sustainable business models with others and fostering learning within the multi-stakeholder communities. Impact measurement is crucial in this approach. Monitoring progress allows us to adjust our strategies and ensure we are on the right track. We are committed to continue being explicit about our anticipated impact when investing in companies."

How will this be implemented?

Peter: "As said, working on impact requires being more explicit about our envisioned impact once we invest in a company. In the years to come we will further embed impact in our operational processes. We have an assessment and financial modeling tool (the Business Case Model - BCM - and Business Case Financial Model - BCFM). Although social impact opportunities are part of these tools, we aim to give this more attention throughout our internal processes and monitoring (in line with our new ambition statement). This means we will add more impact indicators in our term sheets and contracts, develop a separate impact assessment tool, support SMEs in defining their own Theory of Change (ToC), and more frequently put topics related to social impact on the agenda of board meetings."

We are investing in strengthening our team's internal expertise to have informed conversations with SMEs. This includes topics like environmental impact calculations, carbon emissions,

energy efficiency, living wages, gender equity, decent work standards, and wealth creation for smallholder farmers throughout the value chain. Additionally, we're planning in-depth impact research next year to complement our annual impact data."

You explained why Truvalu collaborates with a variety of stakeholders, like Financial Institutions. Based on your experiences and observations, what are the main reasons that financial institutions like local banks are reluctant to provide capital to SMEs?

Sharawat: "There are several hurdles. To start with: access to (green, gender lens) financing by SMEs remains severely constrained due to perceived higher risks by local banks and lack of availability of the appropriate lending models and risk management strategies. Financial Institutions (FIs) and investors are reluctant towards financing SMEs

as the risk-return analysis is not attractive for them. Reluctance, lack of knowledge, lack of expertise and high cost of due diligence discourage FIs towards financing for SMEs. There is sometimes also still a lack of capacity among banks and financial institutions to effectively implement policies and guidelines to start lending to SMEs. And the opportunity costs also play a role: lending to larger businesses is often easier and less costly. Given our ambition to promote access to finance, we have learned how important it is to collaborate with local FIs."

What are the main barriers for the SMEs themselves to access finance?

Sharawat: "Most entrepreneurs have limited awareness of financing options beyond major banks and microfinance institutions. They often lack knowledge of alternative lenders like venture capital funds, leasing and factoring companies, crowdfunding platforms, or even local informal

investors. This limited access to suitable financial products hinders their growth potential, particularly for women entrepreneurs and those in rural areas."

Peter: "Additionally, many SMEs lack awareness of financing solutions and haven't built relationships with FIs. There is also a lack of financial products specifically designed for SMEs and women-owned businesses, with limited equity financing options available. Furthermore, some SMEs struggle with business skills, lack proper governance structures, and may not have the operational or financial reporting capacity lenders require. Finally, a lack of collateral and investment readiness can also hinder access to finance."

Truvalu aims to collaborate with DFIs and local financial institutions to incentivize investments in SMEs. Can you tell us more?

Andres: "Because of the existing higher risks specific to SMEs, an interest subsidy for FIs or impact linked matching finance for investors can unlock private capital. DFIs may also play a role in co-investing in SMEs either through FIs or by investing in a fund. Through these interventions, FIs and (Impact) Investors might get more appetite to provide capital to targeted SMEs. In the years to come, Truvalu will strengthen its relationships with local banks and DFIs in order to scale their SME portfolio. By collaborating with local FIs, we can expand access to finance for SMEs and unlock their full potential."



"We look beyond just the SMEs themselves. We aim to strengthen entire value chains and improve the overall business environment for these companies. This involves tackling the root causes of challenges faced by SMEs and the ecosystems they operate in."

SHARAWWAT ISLAM
 Managing Director,
 Truvalu Bangladesh



Photography by Pomario



TRUVALU LEARNING: NAVIGATING A CACAO TRADE CRISIS WITH TRUST AND NO TRADE-OFFS

Truvalu considers the entire value chain impact potential to carefully select its investee companies and enter into co-entrepreneurship relationships. An SME's economic viability is a vital prerequisite to reach a position from which to create that impact. Cacao Pacifico in Colombia is one of the SMEs that aligns with this investment thesis and theory of change.

In this Truvalu Learning Story, we share a glimpse into Truvalu's relationship with Cacao Pacifico and identify three main learnings following a sudden trade crisis.

Cacao Pacifico and Truvalu

Cacao Pacifico is a family-run business that purchases raw cacao beans from smallholder farmers in rural Colombia and processes

them into high-quality cocoa products, such as cocoa butter and cocoa powder, for regional and international sale. From the very beginning, Cacao Pacifico chose to buy cacao beans directly from farmer associations, particularly in Santander and Tumaco. This decision aims to positively impact these communities, heavily affected by the armed conflict in Colombia, and contribute to their ongoing growth and development. Despite years of steady growth, however, Cacao Pacifico had yet to meet its goal of expanding to the European market.

This is where Truvalu comes in

In 2023, Truvalu developed an impact investment relationship with the promising company Cacao Pacifico, providing growth capital and working capital. This also included joining Cacao Pacifico's board. The co-entrepreneurship

support enabled Cacao Pacifico to increase production and maintain a steady cash flow, benefiting local cacao farmers and the communities they live in at the same time.

To unlock access to the European market, Truvalu leveraged its network within the Netherlands and connected them with an interested Dutch buyer. A first purchase deal for cocoa butter was established in March 2024. Shortly after closing the deal though, cacao prices skyrocketed.

Looking for a positive-sum win

Within only a few months in 2024, the cacao market price more than tripled. The price spike jeopardized the recently negotiated cacao trade deal between Cacao Pacifico and the Dutch buyer. It meant that Cacao Pacifico faced selling cocoa butter far below its cost price and the new market value and that, if Cacao Pacifico would fail to deliver, the Dutch buyer would have to pay much higher prices on the open market, all risking significant losses. A failed deal would mean severe losses for both trading parties, potentially bankrupting them.

Looking at the entire value chain, the situation also threatened smallholder farmers and communities supplying Cacao Pacifico with high-quality cacao beans, who would suffer from a steady market uptake. This amounted to an unexpected trade crisis that required attention to the different interests of all parties, careful negotiations and willingness of all involved to find a solution.

What was the way out of this trade crisis?

After weeks of negotiation, Truvalu, Cacao Pacifico, and the Dutch buyer ultimately found a way out: it was agreed to add a second container of cocoa butter to the purchase agreement, mixing low priced cocoa butter and high priced butter. Using the international market's price spike allowed for this mixing of the same product, but financially priced totally different, so that everyone eventually benefited financially from the averaged price, while protecting their new relationship, preserving the deal, and sustaining the positive impact along the value chain. This solution would never have been possible if the trading parties would have stuck to their own interests only.



This journey offers three valuable learnings, underscoring the transformative potential of aligning financial success with positive social outcomes.

Our three main takeaways

1. Collective trust and alignment are vital to successful impact partnerships.

When faced with this sudden crisis, all parties—Cacao Pacifico, Truvalu and the Dutch buyer—had to acknowledge and understand one another's respective business cases, risks, and either forcefully pursue the transaction amounting to losses for everyone, or fully commit to finding a mutually beneficial outcome. By aligning interests with the purpose of shared value creation where risks and results are shared, stakeholders can better navigate dramatic global market hurdles to minimize collective pains for collective gains.

2. Social impact is not a trade-off to realize financial success.

If investment stakeholders decide that positive value chain impact is a trade-off, then it will be. However, stakeholders can also choose to pursue both goals simultaneously, as demonstrated in this experience. By balancing economic performance with social impact, this experience demonstrates that it is possible to create sustainable value for all stakeholders given there is trust and a commitment to a fair solution.

3. Profit is a short-term gain, value can be regenerated.

While profit is a short-term gain, value is regenerative. The economic success of this deal enables each of the stakeholders to viably continue their operations and relationships that reinforces benefits along the entire value chain. This value chain resilience extends beyond the three main stakeholders to empowering smallholder farmers and producers to make their own business choices, shifting the trade balance and creating more jobs and economic opportunities locally. A thriving cacao sector in Colombia and the region also provides an alternative to illicit crops, attracting more young entrepreneurs to this agricultural sector instead.

Looking ahead: sustaining and scaling true value chain impact

The three takeaways illustrate that financial success and shared value creation are not mutually exclusive. Investing for fair and sustainable impact does not need to be a trade-off.

Truvalu's co-entrepreneurship commitment to Cacao Pacifico will continue for the upcoming few years, as the cacao processing company aims to further scale its operations and with that its resounding social and economic impacts. Next milestones on the horizon include establishing a long-term buying agreement between Cacao Pacifico and the Dutch buyer and for Cacao Pacifico to grow its production capacity to become a bigger player in the global market.



COCINA SOLUCIONES: COLOMBIAN SOURCED DELICIOUS PRODUCTS WITH A FRENCH EXPERIENCE



Photography by: Cocina Soluciones

Cocina Soluciones S.A.S is a company that produces artisan bakery products inspired by French bakeries, using 90% locally sourced Colombian ingredients. Despite being a young company, it has gained recognition in Bogotá for its innovative, high-quality products. The bakery emphasizes the use of mostly organic raw materials, mostly organic, which generate significant social impact across various regions in Colombia.

The entrepreneurs

Founders Dylan Misrachi, Jérôme Di Salvio, and Camila Vélez established their own brand, "Mistral," which now operates three restaurants/coffee shops in Bogotá. These outlets offer a welcoming experience to customers, supported by a team of highly trained, predominantly young staff.

The products

Cocina Soluciones produces deep-frozen, ready-to-bake products, offering a "French experience" through its neighborhood stores in Bogotá. They have 31 types of bread, with the croissant being the star product. Mistral outlets also sell semi-finished bakery products, desserts, and coffee, and prepare main courses like meat, sauces, soups, salted snacks, and side dishes, totaling around 51 references. The company sources from Caqueta, a region known for its milk and cocoa, which replaced illicit crops, benefiting smallholders through the purchase of inputs like Quesos Caqueta and free-range eggs.

“

For a few years, Truvalu has been a great ally for us. They joined us at a crucial moment for our brand's expansion, providing significant financial and mentoring support from the beginning. Thanks to their investment, we remodeled and expanded our house, and their expertise in financial, marketing, and production has improved many of our processes.”

CAMILA VELEZ

Co-founder of Cocina Soluciones Mistral

Production

The company operates a 300m2 production plant in Bogotá's industrial zone, with 100m3 dedicated to storing ultra-frozen foods (-10 °C). They blend handcrafted techniques with high technology to maximize production capacity. Their strategy focuses on selecting high-quality, organic raw materials, avoiding health-harming ingredients. The plant employs advanced technology, including the IQF process, to ensure product longevity without chemicals. Expert chefs trained in renowned French culinary schools contribute to the high craftsmanship and quality standards.

Cocina Soluciones strives for excellence through continuous improvement and innovation, aiming for profitable business units that foster growth and well-being for their collaborators, including suppliers and workers, and enhance market dynamics.

Social and Environmental Impact

The three Bogotá shops employ 98 people (53 women), with 71% under 35. Managed by a team of six professionals (50% women), the company adheres to a code of conduct that includes favorable labor conditions (respecting the Colombian requirements). The board consists of 8 people (2 of them are women). In 2023, the company generated 55 metric tonnes of waste and is working on processes to reduce waste, avoid plastic, and use recycled materials for decoration and packaging.

The three Mistral sales points offer a menu with more than 50 options, with a

high turnover, making the supply system for production inputs a fundamental component for this company. Cocina Soluciones was born as an enterprise committed to responsible production, providing its customers with high standards in product quality. For this reason, establishing a direct link with suppliers who share the same interest in generating social impact is essential for the company. Thus, it works with suppliers ranging from small farmers to associations and companies that positively impact more than 1,400 small producers involved in the maize (flour), dairy (liquid milk, butter, cheese, cream), coffee, and other supply chains.

Due to the diversity of products, the suppliers are distributed across different regions of Colombia. Notably, there are relationships with Agrosolidaria and the Committee of Cattle Ranchers of Caquetá, both of which have productive roles generating impact in one of the regions most affected by the conflict in Colombia.

Additionally, the company has established connections with other enterprises supported by Truvalu, such as Pomario for the supply of vegetables and edible flowers, and Lácteos Estelar for the supply of cheeses.

To complement this supply logic, Cocina Soluciones promotes the consumption of cage-free eggs and also showcases and sells products in Mistral like chocolates, jams, coffee, among others that come from companies making an impact in their respective value chains.

A Unique Story

Cocina Soluciones – Mistral exemplifies responsible production and consumption. It emphasizes quality production linked to suppliers who respect the environment and natural cycles, establishing fair trade relations. Their consumers are increasingly aware of the importance of organic products and are willing to pay a premium for quality and producer benefits.

Photography by: Cocina Soluciones

Future plans

Mistral aims to expand territorially through new restaurants in Bogotá and other cities, driven by positive market reception. Bogotá, with its large population and high-income consumption, is a key market. Mistral's strategy indicates potential for 15 stores, prioritizing cities and channels for significant growth in the short-medium term. In April 2023, they opened their third point of sale in a high-income area, boosting turnover by more than 20%.

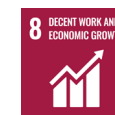
Co-entrepreneurship

Cocina Soluciones' support process with Truvalu involves four stages:

1. Support to strategic and commercial management, in which, after analyzing different alternatives, the business model is established through a central production plant and opening of different own points of sale (3 at the moment), reducing sales in supermarkets and other coffee shops.

2. Prepare the company to receive the investment from Truvalu, for which the company's fixed and variable cost structure had to be adjusted. Truvalu helped to define the priority needs of the plant and point of sale for its readjustment.
3. To generate more impact, Cocina Soluciones was linked by Truvalu to supplying impact companies that we supported.
4. Capital investment in exchange for shareholding, coaching through a board seat, building an action plan together, support in the decision-making and financial monitoring of the expansion.

SDG IMPACT TO ACHIEVE





LOOKING AHEAD

As 2024 unfolds, we at Truvalu recognize the complexities that define our current landscape. Global economic and political uncertainties cast a long shadow, and achieving sustained financial growth in these conditions presents a significant challenge. However, these very challenges illuminate the power of our mission. Our commitment is long-term and anchored in our core mission.

Sharpening our focus, amplifying impact

Moving forward, we will concentrate our efforts on three key countries: Bangladesh, Colombia, and Kenya. These markets, where we have highly committed and professional teams in place, present unique opportunities for impactful investments. We are confident that by focusing our resources, we can maximize our positive contribution.

We are committed to build on our impact investment presence in these three countries and actively explore opportunities to structure blended finance solutions. Innovative approaches will allow us to unlock even greater locally available resources, amplifying the impact of every Euro deployed.

We will intensify our efforts in gender lens investing, with exciting new initiatives and ongoing attention to mainstreaming gender in SMEs and value chains we target. By actively supporting women-led and gender-focused businesses and integrating gender considerations into our investments, we aim to unlock inclusivity across our focus markets. Building upon our investees who are intrinsically motivated to take good care of their surroundings, we will further elaborate our approach to investing in regenerative agriculture. Such an approach will include attention for soil health and regeneration, biodiversity, circularity, responsible water management, bringing waste to value, energy and resource efficiency and alternative protein.

Furthermore, in this report we announced a serious expansion of our climate-related investments in the coming years through a strategic partnership with One To Watch in Bangladesh. Together, under the brand name OneTrueValue, we will target initiatives that tackle climate mitigation and adaptation, by enlarging access to green finance for SMEs and fostering a system where environmental responsibility goes hand-in-hand with economic vibrancy.

A call to action for a collaborative journey

Embark on a transformative journey towards exponential positive change! Over the next four years, we aim to triple our investments, resulting in at least a triple amplification of our impact.

Our strategic focus entails empowering our existing high-potential investees while strategically onboarding promising new portfolio companies. This will demonstrably result in a tripling of decent job opportunities, the fostering of diverse and inclusive workplaces, the creation of significant value across entire value chains with growing environmental impact.

The path forward will undoubtedly present its own challenges, but we are unwavering in our commitment. We extend our deepest gratitude to our valued partners – investors, investees, stakeholders, and country teams alike. Together, united by a firm belief in the transformative power of impact investing, we will navigate the ever-evolving global landscape, leaving behind a legacy of positive change and a demonstrably brighter future for all.

But we can't do this alone. To fuel this ambitious journey, collaboration is paramount. We are actively seeking substantial new funding sources and partnerships, aiming to attract leading investors, lenders, development agencies and strategic partners.

**Do you aspire to be part of something extraordinary?
We invite you to join us in this momentous undertaking!**

truvalu.



COLOPHON

Published by: Truvalu BV

For more information about
Truvalu:

www.truvalu-group.com

info@truvalu-group.com

connect with us on LinkedIn

Graphic design by: Bee-Original

Publication date: July 2024

All right reserved.

Photography cover by: La Ruta de Chocolate



Photography by: Truvalu