Annual Impact Report 2025

SDGs Credit Fund

dwm

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Introduction

This report details the social and environmental results achieved in 2024 through the DWM SDGs Credit Fund, with a focus on its contributions to the Sustainable Development Goals (SDGs).

The SDGs Credit Fund makes loans to institutions that provide financial services to individuals and micro, small, and medium-sized enterprises (MSMEs) in emerging and frontier markets. The fund focuses on lending in a diverse range of local currencies.

The strategy offers investors an opportunity to achieve market-rate returns and impact by providing financial access to millions of low-income people and MSMEs in the parts of the world where it is needed most. Moreover, these investments are also an effective means to advance gender equity, enable investments in livelihoods and job creation for the poor, and contribute to climate change mitigation and adaptation.

The SDGs Credit Fund has been awarded the LuxFLAG Microfinance label in recognition of its rigorous impact and ESG processes.

Theory of Change for Financial Inclusion Investments

Problem

- Lack of access to finance for the underserved, especially women and low-income people, prevents investment in livelihoods and resilience to economic shocks

Outputs

- Loans provided for investment in micro, small, and medium enterprises
- Other financial services (e.g., savings) to better manage periods of financial stress

Outcomes

- Increased access to finance for women and rural microentrepreneurs
- Increased ability to invest in income-generating activities
- Reduced reliance on expensive, informal financial services
- Job creation
- Skills development
- Uptake of technology

Impact

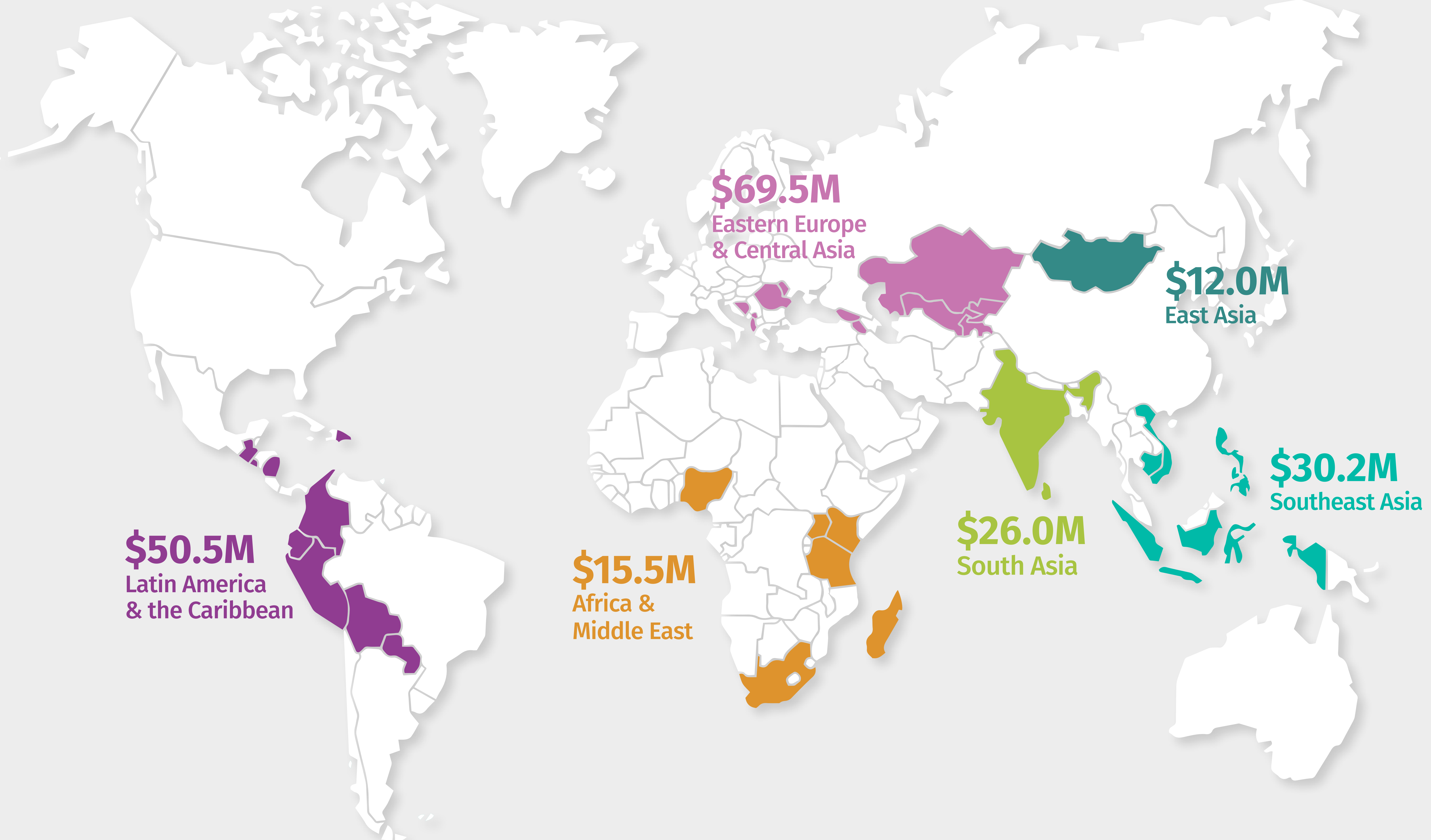
- Increased household income and business revenue
- Reduced unemployment
- Enhanced gender equity
- Improved sustainability outcomes

SDG Linkages

- 1: Increasing access to basic services
- 5: Inclusion of women in the economic sphere
- 8: Supporting job creation through MSME growth
- 9: Increasing access to affordable credit for small-scale enterprises
- 13: Financing greenhouse gas reductions

2024 Portfolio Overview

Figure 1: Loan exposures by region as of December 31, 2024



The report reflects the impact of the portfolio as of the end of 2024, which included:

63 Portfolio Companies

33 Portfolio Countries

22.6M Total End Clients

Countries of Investment in 2024:

Africa
Kenya · Madagascar · Nigeria
South Africa · Tanzania · Uganda

Asia
Cambodia · India · Indonesia · Mongolia
Philippines · Sri Lanka · Vietnam

Latin America
Bolivia · Colombia · Dominican Republic
Ecuador · El Salvador · Guatemala
Nicaragua · Paraguay · Peru

Eastern Europe & Central Asia
Albania · Armenia · Bosnia and Herzegovina
Georgia · Kazakhstan · Kosovo · Kyrgyzstan
Moldova · Romania · Tajikistan · Uzbekistan

**This report excludes syndicated loans.*

Supporting the Sustainable Development Goals

Aggregate results from 2024 portfolio companies.

3.9M
poor and low-income clients provided access to finance and other basic services

3.4M
agricultural loans

25.5 thousand
education loans

71%
women end clients

42.5 thousand
water and sanitation loans

29.9 thousand
clean energy or energy efficiency loans

8,522
more jobs at portfolio companies than last year

4.8M
MSMEs financed

156.2 thousand
housing loans

$856.2M
gross loan portfolio for environmental or sustainable activities

Growing Impact

Since inception, the Fund has steadily expanded its reach and impact through inclusive financial institutions. These companies provide beneficial services for people and businesses, enabling poor and low-income people (especially women) to earn incomes and access employment opportunities.

	2022	2023	2024
Number of portfolio companies	45	59	63
Number of countries	28	32	34
Outstanding AUM ($M)	$186.5M	$203.3M	$222.9M
Aggregate number of end-clients	13.6M	18.8M	22.6M
Attributable number of end clients	179,177	201,184	202,342
Aggregate gross loan portfolio	$17.5B	$22.1B	$25.4B
Average loan size to end-clients	$2,375	$1,990	$2,492
Aggregate percent women clients	59%	67%	71%
Aggregate percent micro, small, and medium-sized enterprise clients (MSMEs)	37%	48%	44%
Aggregate percent poor and low-income clients	81%	82%	66%

Methodology note: "Aggregate" results are calculated by summing the total results from each portfolio company. "Attributable" results are calculated by multiplying each portfolio company's individual result by the ratio of the Fund's outstanding investment to the total assets of the company and then summing those pro-rated results.

Key Impact Metrics for 2024

The portfolio companies serve mainly individuals and microenterprises. Two-thirds of total end clients are women, who often face greater barriers in accessing financial services.

Figure 2: Enabling financial inclusion for individuals and MSMEs

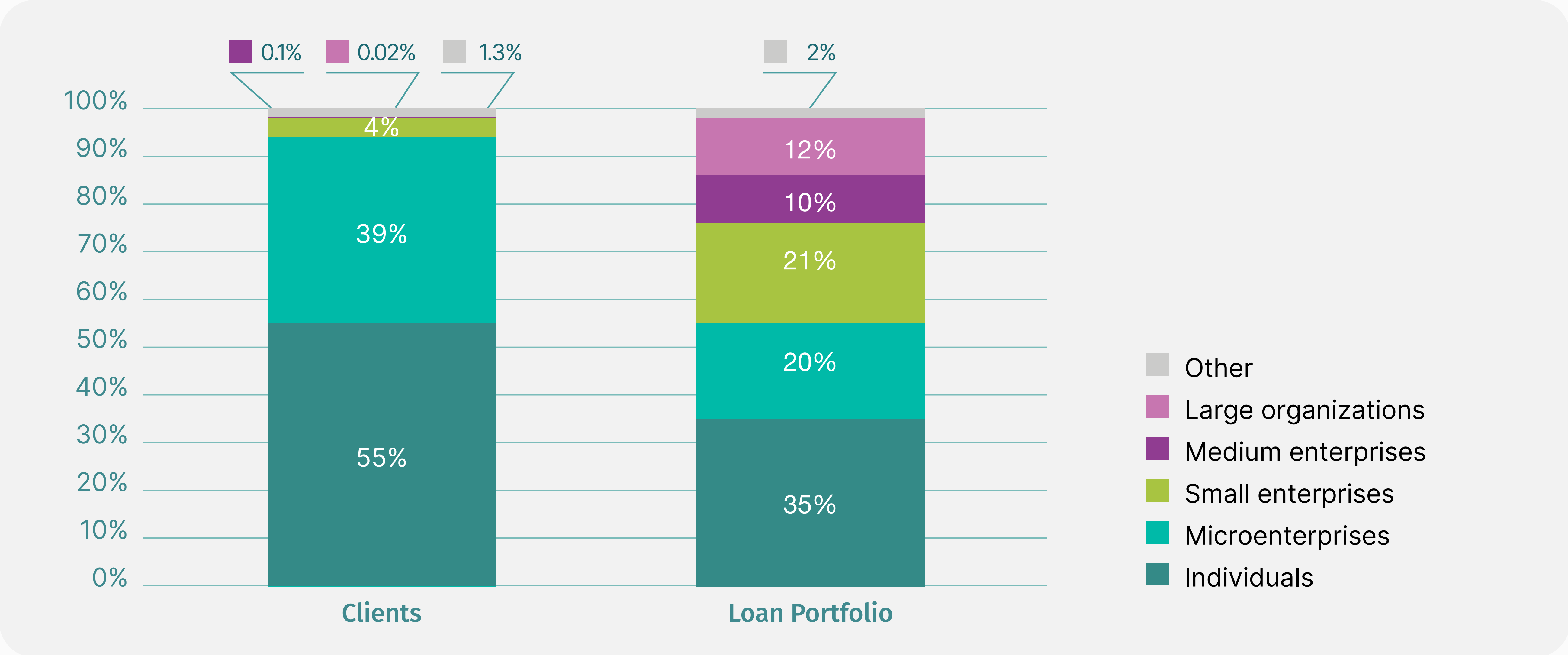
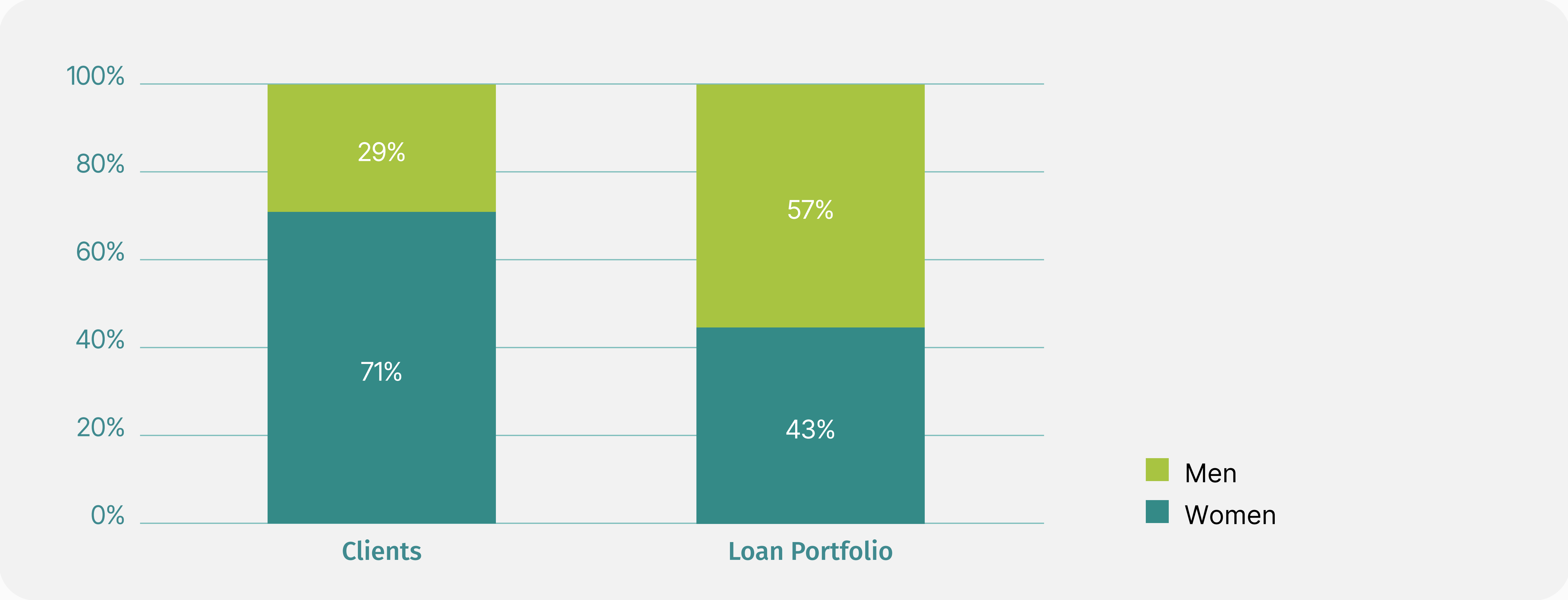


Figure 3: Providing Access to Services for Women



Key Impact Metrics for 2024

The Fund's emphasis on meeting the needs of poor and low-income populations is reflected in the client composition. Since these clients tend to have smaller loan sizes, the makeup of gross loan portfolio by income level is more balanced across groups.

Figure 4: Majority poor and low-income clients

Expanding Access to Finance and Other Basic Services for the Poor

- Accessing responsible and affordable financial services remains a challenge in the developing world, especially for underserved populations such as women and people who live in rural areas.
- Inclusive financial institutions help to fill this gap by providing loans and other critical services that help people and businesses invest in opportunities, manage their finances and recover from shocks.
- Financial services also play a critical role in enabling access to other vital services such as education, energy, and water and sanitation.
- The fund's investments in these financial institutions directly contributes to SDG 1, No Poverty and facilitates contributions to SDGs 2, 4, 6, and 7 by expanding access to basic services.

SDG Targets and Indicators

1 NO POVERTY

Target 1.4: Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

Indicator 1.4.1: Proportion of population living in households with access to basic services

How the Fund Supports the Goal

Global gap: 1.4 billion unbanked adults

Gap in portfolio countries: 535.7 million unbanked adults

Portfolio contribution:

22.6 million end-clients

1.2 million previously unbanked

3.9 million poor and low-income clients

Other basic services facilitated:

- 3.4 million agricultural loans
- 25.5 thousand education loans
- 156.2 thousand housing loans
- 42.5 thousand water and sanitation loans
- 29.9 thousand clean energy and energy efficiency loans

2 ZERO HUNGER
4 QUALITY EDUCATION
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY

*Portfolio contributions are not investment-weighted.

Enabling Economic Development and Job Creation by Growing MSMEs

- Micro, small and medium-sized enterprises (MSMEs) are major engines of economic growth and broad-based job creation in developing countries, but they face high barriers to accessing the capital they need to thrive, leading to a multi-trillion-dollar gap in financing for this segment.
- These businesses also provide needed goods and services in their local communities.
- The Fund's investments help meet the unmet financing need by providing loans and other services to MSMEs at appropriate terms and prices.
- This activity contributes to SDGs 8 and 9 by expanding access to financial services for MSMEs.

SDG Targets and Indicators

8 DECENT WORK AND ECONOMIC GROWTH

Target 8.3: Support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Target 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

Indicator 9.3.2: Proportion of small-scale industries with a loan or line of credit

How the Fund Supports the Goal

Global gap:

- 130.7 million credit-constrained MSMEs with $4.8 trillion in unmet financing needs

Gap in portfolio countries:

- 82.2 million credit-constrained MSMEs with $872.9 billion financing gap

Portfolio contribution:

4.8 million MSMEs financed

$12.9 billion gross loan portfolio to MSMEs

*Portfolio contributions are not investment-weighted.

Advancing Gender Equity

- Women around the world face higher structural and norm-related barriers than men in accessing various services through mainstream institutions, along with barriers to formal employment and economic opportunity more broadly.
- The Fund's investments advance gender equity by serving majority women clients, tailoring products and services for women entrepreneurs, and by employing more women staff and managers than average for their countries.
- In doing so, these investments contribute to SDG 5, Gender Equality.

SDG Targets and Indicators

5 GENDER EQUALITY

Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

Target 1.4: All men and women have access to financial services

Indicator 5.5.2: Proportion of women in managerial positions

How the Fund Supports the Goal

Global gap: 742 million unbanked women
Gap in portfolio countries: 419.4 million unbanked women

Portfolio contribution:

7.0 million women clients

71% of total clients are women

65% of investees offered services for women

Global gap: 33.5% of senior management roles are held by women
Gap in portfolio countries: 21% population-weighted average

Portfolio contribution:

32% of portfolio company senior managers are women, on average

*Portfolio contributions are not investment-weighted.

The 2X Challenge:

Closing the Gap in Financing for Women

In 2024, DWM became one of the first private sector investors to commit to the 2X Challenge, which mobilizes capital for women's empowerment. Originally launched in 2018, the third round of the Challenge runs from 2024-2027.

In 2024, the SDGs Credit Fund announced its first two qualifying investments under the updated 2X Criteria. Qualified investments must be reviewed and approved by 2X. To qualify, investees must meet a set of basic ESG and accountability requirements, plus criteria in two of the five main categories (entrepreneurship, leadership, employment, supply chain, and products & services).

2X Challenge
Participating Investor 2024-2027

Banco Solidario

On a mission to become "the preferred bank of women in Ecuador"

Banco Solidario serves Ecuador's micro, small, and medium-sized enterprises. The Bank has developed a comprehensive gender inclusion strategy, Mujer Solidaria. The strategy includes initiatives focused internally at all levels of the organization and externally on providing financial and non-financial services that meet women's needs and preferences. Banco Solidario qualifies by meeting the Leadership, Employment, and Products & Services Criteria.

ASA Tanzania

Providing access to credit for women microentrepreneurs

ASA Tanzania's purpose is to "reduce poverty and enable female empowerment". The company offers individual loans to women in client groups to help them start and expand their business activities. With a gender-balanced board and its focus on women customers, ASA Tanzania qualifies by meeting the Leadership and Products & Services criteria.

Mitigating Climate Change and Building Resilience to its Effects

- The primary end-clients of the Fund's portfolio companies are among the least responsible for climate change and the most vulnerable to its effects. The predominantly poor and low-income people served by the portfolio companies live in places that have frequent climate-related natural disasters paired with inadequate infrastructure and limited safety nets.
- Inclusive financial institutions can play an important role in aiding the transition to a low-carbon economy while also supporting their clients' ability to adapt and build resilience to climate change through financing and other services.
- The portfolio companies support these objectives by providing financing for renewable energy (for homes and businesses), electric vehicles, energy efficiency upgrades, and sustainable agriculture.

SDG Targets and Indicators

13 CLIMATE ACTION

Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Target 13.2: Integrate climate change measures into national policies, strategies, and planning

Indicator 13.1.3: Adoption and implementation of local disaster risk reduction strategies

Indicator 13.2.2: Total GHG emissions per year

How the Fund Supports the Goal

Portfolio contribution:

46%
of investees provide green financing products

951MW
of renewable energy financed by portfolio companies in 2024

$856.2M
gross loan portfolio to environmental activities

328.5
thousand MT of GHG emissions avoided/reduced by portfolio companies

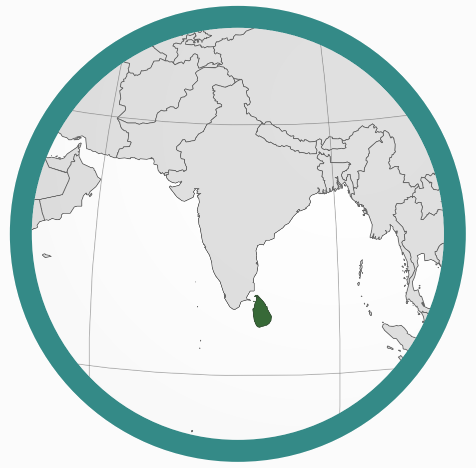
51%
of investees have environmental policies for their clients

*Portfolio contributions are not investment-weighted.

CASE STUDY - SRI LANKA

Alliance Finance Company

Alliance Finance Company (AFC) is Sri Lanka's oldest non-bank financial institution. It provides diverse financial services, including leasing, loans, savings, and microfinance, with a strong focus on sustainability and financial inclusion for individuals and SMEs across its island-wide network.



Colombo, Sri Lanka

Sumith Laksirikure and Dika Roshani Botheju live in Colombo, the capital city of Sri Lanka. The couple supports their family (including three sons) primarily through two small-scale businesses: an established grocery store and a burgeoning small-scale rice flour production business. For 14 years, the grocery shop has been a cornerstone of their livelihood. Recognizing opportunities for expansion, Sumith and Dika sought financial support to enhance their inventory and streamline their flour production. They also own an auto rickshaw and two small trucks.

In 2021, acting on a friend's positive recommendation, Sumith connected with Alliance Finance Company (AFC), a financial institution supported by DWM. The couple secured a crucial working capital loan. This marked a significant step in their entrepreneurial journey, building upon prior financing experience with another lender.

The impact of AFC's financing on Sumith and Dika's businesses has been transformative. The capital injection allowed them to make strategic investments, notably the purchase of a refrigerator and freezer for approximately LKR 150,000 (roughly USD 500). This addition enabled them to stock a wider array of perishable goods, attracting more customers and diversifying their offerings. Furthermore, they invested a similar amount in a small-scale machine to scale rice flour production. This vertical integration, producing and selling their own flour, has proven to be a successful strategy.

The results are evident in the family's increased income. Daily earnings have doubled from LKR 30,000 (USD 100) per day pre-COVID to LKR 60,000 (USD 200) per day since securing the loan from AFC. Flour production has become a significant contributor to the average monthly profit of LKR 180,000, comfortably covering the family's monthly expenses of around LKR 100,000. Beyond the financial gains, Sumith expressed satisfaction with AFC's customer service, highlighting the importance of a supportive and reliable financial partner. This story demonstrates how access to appropriate financial resources, facilitated by institutions like AFC, can empower dedicated entrepreneurs like Sumith and Dika to expand their businesses, enhance their income, and build a more secure future for their families.

Impact Measurement and Management Approach

DWM's impact measurement and management is integrated throughout its entire investment process, as described in detail in our statement of alignment with the Operating Principles for Impact Management. The graphic below illustrates how we target, assess, and track social and environmental results across the investment cycle.

Company-level impact and ESG analysis is conducted through desktop research, site visits, and discussions with company management. This robust impact measurement and management system enables DWM to select investments with high potential for impact, manage social and environmental results, and learn from experience to inform future investments.

Initial screening and eligibility analysis

- Impact framework completed to document theory of change, five dimensions, and quantify expected impact on key metrics (aligned with IRIS+)
- Investment must fit with our theory of change and avoid excluded activities

Full due diligence

- DWM Impact IQ completed by potential investee and quality checked by DWM
- Impact score calculated
- Site visit to verify responses and clarify questions

Investment/credit committee review

- Confirm that investment fits with DWM's impact goals
- Flag potential ESG risks
- Identify needed covenants or provisions to strengthen impact or ESG management

Ongoing investment management

- Track impact performance compared to expectations through annual data collection
- Provide feedback and support to portfolio companies to improve impact
- Seek exits that ensure continuity of impact

Portfolio-level analysis

- Aggregate and analyze yearly data
- Benchmark results internally
- Publish annual impact report
- Use insights to inform impact strategy and decision-making

About DWM

The SDGs Credit Fund is managed by **Developing World Markets**, a leading impact investment manager. Developing World Markets ("DWM") has been exclusively focused on investments in frontier and emerging markets since its founding in 1994, and exclusively on impact investments since 1999.

DWM has invested approximately $3 billion in private debt and $150 million in private equity, across more than 60 developing countries. As the Fund Manager, DWM sources, structures, underwrites and documents all Fund assets. In addition, DWM manages ongoing monitoring, and reporting at the investee and Fund level, and manages the underlying relationships with the inclusive financial institutions.

DWM is headquartered in the United States and has more than 35 team members located in 15 locations across 5 continents.

2024 Practice Leaderboard Member

dwm

100 First Stamford Place, Suite 450
Stamford, CT 06902, USA

T: +1 203.655.5453
E: info@dwmarkets.com

www.dwmarkets.com