

A close-up photograph of a woman with dark skin and hair, smiling warmly as she looks at her orange smartphone. She is wearing a vibrant, patterned dress with floral and paisley motifs. The background is softly blurred, showing what appears to be an outdoor market setting with wooden structures and greenery. A thin, golden-yellow arc curves across the top of the image, and a larger, semi-transparent golden-yellow circle is overlaid on the lower half, partially covering the woman's dress and the phone.

Impact report  
**CONNECTING  
THE DOTS**

*September, 2019*

**goodwell**  
invest with impact



Content  
**CONNECTING  
THE DOTS**

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**IMPACT  
INVESTMENT  
GOODWELL  
STYLE**

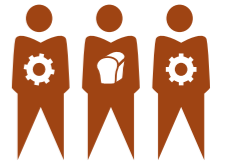
goodwell  
invest with impact

# SOCIAL AND FINANCIAL RETURNS

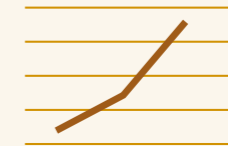
28.5 m households reached each day



Over 32,500 direct jobs created



Portfolio companies provide > \$2.1 bn financial services



30 investments  
8 exits  
2 partial exits  
1 IPO

\$145 million assets under management



18 dedicated team members in 5 countries



Family offices, pension funds, DFIs, HNW Investors



> 12 year track record



Solid returns  
AGMDC I 9% IRR (EUR)  
AGMDC II 35% IRR (EUR)  
GWAMDC 21% IRR (EUR)



Els Boerhof and Wim van der Beek at the Connecting The Dots conference in 2018

## Past, present and future

### *A Q&A with Goodwell founders Wim van der Beek and Els Boerhof about what drives the firm and the new opportunities they see in impact investment going forward.*

*Wim, you were a tax expert with PWC; Els, you were an investment banker with MeesPierson and later investment manager with FMO. What led you both to walk away from successful careers and found Goodwell?*

**WIM:** “At PWC, I was involved with international projects that involved structuring multinational organisations and supporting family offices. But I also saw that there was something exciting happening with technology and financial services. Eventually, I left PWC to start what would now be called a fintech. It failed. But I learned a lot and the experience convinced me that technology and digital business models would reshape the financial industry. I then took a sabbatical to some remote parts of India and met people like Muhammed Yunus, the social entrepreneur who founded Grameen Bank. He and other entrepreneurs strengthened my vision that financial inclusion is key to inclusiveness, that businesses can thrive when embedded in robust ecosystems and business infrastructures, and that, in India, investing to help microfinance organizations grow would have a more sustainable impact for the underserved than investing in microcredits. I founded Goodwell in 2004 and began fundraising. I made my first investment in 2007, and Els joined me early in the development of our first India fund.”

**ELS:** “I saw the impact of microfinance whilst studying development economics and writing my thesis while working for an NCO in The Philippines. After starting my career with MeesPierson, I moved to FMO, the Dutch development bank. There I worked with experienced pioneers in the social investment space, but the key experience was when I became lead investment manager on a “toxic” portfolio of “difficult investments” worth approximately €300 million. It turned out this portfolio, which was perceived as extremely high risk, offered some fantastic investment opportunities, delivering great long-term impact and stable financial returns. That strengthened my conviction that social and financial returns go hand in hand. When I met Wim, in 2007, I mentioned I was thinking of starting my own business. He suggested we join forces, and here we are, more than 12 years later.”

*What was your vision on impacting investment at the time?*

**WIM:** “My vision was, is and will remain that you should strive for a dual mission in which social and financial impact can and should go hand in hand. Many studies have proven that this is possible and our own track record increasingly demonstrates the feasibility of this dual mission. We invest in solutions for basic needs that absorb the largest slice of the household income of underserved or unserved consumers. These needs, such as financial services, food, energy or transport, are essential to improve livelihoods and allow these communities to be included in social and economic development.”

**ELS:** “Core to this Goodwell mission is a strategy that local issues are best addressed by local entrepreneurs supported by local investment teams on the ground. This means that,



as Goodwell, we shouldn't only provide capital, but also provide the mental and management support that an entrepreneur needs to be successful. This collaborative model is part of Goodwell's DNA and has been the primary driver of the organization that we have created over the past decade."

*How do you view the developments in impact investing over the last decade? What has been the biggest change?*

**ELS:** "Impact investing has gone through significant changes, with some downs but mostly ups. At the start, we really had to convince investors that it is possible to have a social impact and make money. Today, the view is far more balanced. We are seeing capital volume increase and more and more vested parties are entering the marketplace. But even though impact investing is hot among new and younger investors, and increasingly accepted by traditional and mainstream investors, we still face a strong negative risk perception in emerging markets. Most mainstream investors still perceive making investments for impact as high risk. They are also looking to deploy large sums per project. However, the reality is that most impact businesses only need smaller amounts and so large investors often perceive those as not being investment ready because of their size. A lot remains to be done."

*And what about at Goodwell? How has the firm changed since 2007?*

**WIM:** "Our purpose and mission have not changed. We remain committed to improving the lives of underserved communities by allowing them access to affordable basis products and good quality services."

**ELS:** "Our organization is built around the belief that we achieve the best results when we take a collaborative approach, i.e., by working with local teams who understand the local issues and the solutions offered by local entrepreneurs. What has changed is our investment focus. We started in India in 2005, but since 2009, we have concentrated on Sub Saharan Africa. And besides the geographic shift, we have gradually moved to investing in businesses whose smart use of proven technology allows them to reach many people in remote places cheaply and fast."

*Why did you decide to leave the Indian market and focus on Sub Saharan Africa instead?*

**ELS:** "Well, we haven't left India yet! Our first two funds were dedicated to India, and while our third fund focused on West Africa, we have, of course, continued to invest and manage our Indian portfolio with our India team. In 2017, we exited our first Indian 10-year fund, and this delivered an excellent financial result. It also, with Equitas, the microfinance lender,

provided a great example of what our dual mission can contribute. Today, our second India fund is in exiting-mode. We have passed nearly all our investments to other market players who will take the organizations to their next levels of growth and size, and we are preparing the fund's final exit, through an IPO - our second after Equitas. We expect that fund to deliver great social returns and exceptional financial results."

*But if the returns and impact were and are so good in India, why switch to Africa?*

**WIM:** "Because we began to see a rapid influx of capital and investors in India as the market for impact investing matured. This led us to Africa, in 2011. Why? Because we thought Africa would provide more opportunities and more impact-bang-for-our-buck than we anticipated a third India fund would. Another factor was that in 2010 we met Tokunboh Ishmael, of Alithea Capital, and Patricia Safo, of JCS Investments, and saw in them the professional local partners we had been looking for."

*So what is it about Africa that excites you from an impact investment viewpoint?*



Sub Saharan Africa is exciting because there is so much to gain across so many sectors

**WIM:** “Africa, and especially Sub Saharan Africa, provides huge opportunities for inclusive economic growth across all sectors and geographies. The continent is exciting because there is so much to gain. There are almost 450 million underserved people in Africa and the continent is so diverse. West Africa faces many different challenges than Ethiopia or Zambia, for example, or South Africa, which is perceived as a developed economy.”

**ELS:** “Africa is a continent of 54 countries. Whereas India, or other countries in Asia, like Indonesia, are huge markets under one government, Africa presents a wide scope of cultures, practices, business developments and social issues. Asset managers often perceive this diversity as a risk. Goodwell, however, views it as a unique opportunity, provided you have local people on the ground who really understand the markets. Africa is a young continent, with almost 50% of the population under 30 years old, and it has a huge mobile infrastructure that makes it possible to connect and include people using new digital business products and services.”

### *What kinds of digital products and services do you have in mind when you think of Africa? Is this broader than fintech?*

**WIM:** “Sub Saharan Africa is much faster at adopting new technologies as the continent lacks core infrastructure in areas like energy and telecommunications, for example. This makes every new development an opportunity, whereas, in a developed market, with leg-



acy systems and existing infrastructure, it is much harder to transform businesses or even eco-systems or economies. Our financial inclusion investments are already benefiting from these developments, with companies like Paga and MFS Africa able to reach millions of end users. Going forward, our focus will remain on financial inclusion, but we are broadening our scope to include other fintech products that technology is now making affordable, like micro-insurance. At the same time, we will invest half of our new uMunthu fund in other basic needs, such as mobility, energy and health care. The commonality is that we see fintech-type solutions increasingly being used to create and support other digital business models. It's about convergence. So we see, for example, the inclusion of digital payment solutions presenting new opportunities for decentralized solar power or e-health product. So, yes, the development of inclusive business investments is taking us beyond traditional financial inclusion and financial services.”

### *How would you describe your business model?*

**WIM:** “We use a collaborative model to identify, select, invest in and manage our portfolio companies. We provide risk capital, join a company in its early growth stage and stay with it for a longer period of time to allow it to develop and grow properly. We hold our investments for five to seven years – “patient capital” we call it. And we have a specific interest in digital businesses and businesses that apply technology to reach many users fast, cheaply and over long distances.”

### *What benefits does your collaborative business model generate that other models don't?*

**ELS:** “Local teams have a great understanding of the issues underserved communities face and the true value and relevance entrepreneurs can offer. Local teams also have easy and early access to market developments, new entrepreneurs and new company entrants into the marketplace. And local teams are close to the companies and entrepreneurs we invest in should they need support managing unexpected business developments, say, or changing regulations. Or to help them connect to other companies or relevant partners in their network.”

### *Goodwell has become something of a trailblazer in the impact investment sector – was that a goal?*

**WIM:** “No, being a pioneer or trailblazer is not a purpose in itself. However, we soon realized that to create progress and improvements, you need to be able and willing to take the lead and act. Our model for measuring social impact includes assessing how our investments



Tayo Ovious, CEO and founder of Paga, welcoming the company's nine-millionth user.

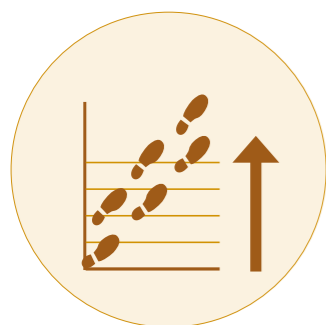
contribute to a better livelihood for consumers, whether our portfolio companies manage their business responsibly and what they contribute to a more social sector. And what counts for our portfolio companies also counts for us.”

**ELS:** “I suppose you can say we regard it as our duty to contribute to the development and social improvement of our sector. And yes, this sometime includes the need to take a lead, and to take some perceived risk in promoting approaches or investing time and energy in new directions. This approach has connected us to many inspiring people and organizations, helped us improve our own models, and it has helped us take even better investment decisions.”

### *What do you look for in a potential transaction?*

#### *Is it about the person, the plan, the trends you see?*

**WIM:** “It is about mandate – our focus sectors – the quality of the business model, the personal conviction and excitement of the founders or managers about their social cause, and, more than anything else, about the professional, social and emotional quality and drive of the team.”



### *Earlier, you mentioned “patient capital”.*

#### *What do you mean by that?*

**WIM:** “No hit-and-run approach; an understanding that building businesses takes time and that plans need to change in a growing business; that entrepreneur and team are best supported by an investor who is willing to join for the longer ride, for better and sometimes for worse.”

**ELS:** “I would add that it also includes adaptive learning and open minds while staying focused on the cause.”

### *Is that why companies approach you – because they know you’re in it for the longer run?*

**ELS:** “It’s part of it, but they also know how successful we are! Certainly today, we have a solid track record to show, we have established, quality local teams in place and we have the insight to develop a fast understanding of the eco-system of a potential portfolio company.”

**WIM:** “You should also factor in our network of not only potential co-investors and follow-on investors, but also content partners. And we have a good reputation.”



Copia provides rural consumers a wide choice of products at affordable prices.

### *Where do you hope to be in 2030?*

**WIM:** “I believe we are on the threshold of a major shift in inclusive development. I think we are going to see today’s pyramid of underserved populations slowly but steadily change into a diamond shape representing a larger group of people entering the lower levels of the middle class. This will spur economic growth and create opportunities for livelihood improvements. We want to support this development with investments from our €100 million uMunthu fund, which we are currently raising. In 10 years, we expect this fund to have delivered, once more, significant social and financial impact, growing our team of highly dedicated professionals both in investment management and fundraising. We also look forward to passing our role and responsibilities to a younger, new generation of global citizens who perceive impact investing as the new normal and continue the development of our collaborative approach to meet the future needs of a social and inclusive society.”





**INVESTMENT  
FOCUS**

# Investing to stimulate and grow the inclusive economy

*Across Africa, economic and social developments are providing opportunities for people to grow their incomes and improve their livelihoods. By creating an inclusive economy, we can resolve today's major social, political and environmental problems.*

A couple of definitions. First, an inclusive economy refers to economic activity that enables people and businesses to create and retain value within their own communities. Its co-joined twin, inclusive growth, is defined as economic growth and development that enables lower income segments to gain access to basic goods and new or better services at more accessible price points than in the past. Think of financial services, energy, housing, health, education, water and food.

As a company, we have a long track record in financial inclusion. Today, we are leveraging that record to become increasingly involved in technology developments, particularly involving digital and mobile platforms, as we see that these are boosting inclusive growth in developing markets in Africa.

Unlike other parts of the world, the biggest market in Africa is the unserved market. Around 330 million adult Africans, approximately 30% of the continent's population, lack access to formal financial services. The vast majority of potential customers have yet to be "claimed", though this number is diminishing very rapidly.

In developed economies, fintech is disrupting traditional banks and financial institutions. But in most of Africa, it is disrupting nothing at all because there is no traditional infrastructure for it to disrupt. In developed countries, the formal banking system is widespread, with bank branches available in every city, town and village. This is not so in most of Africa, where it has not been financially viable for banks to offer last-mile services. South Africa's highly developed financial services sector is the exception rather than the rule.

This means that fintech startups in Africa are building a new infrastructure. With mobile wallets functioning as bank accounts, most Africans will never need traditional banking infrastructure. And mobile wallets are now opening access to other financial services, such as insurance and loans. This clean-sheet scenario has put Africa ahead of the rest of the world when it comes to convergence between sectors. Meeting the until-now unserved demand for financial services makes fintech relevant for players in other sectors, as well. The widespread use of mobile wallets is enabling companies that already serve low and middle-income segments to broaden

their service offering to include other financial services. Mobile wallets enable people to save without having a bank account, and they also allow users to make energy, water or other purchases when they need to and when they can afford it. This crossover is only set to increase over the next few years. The barriers between sectors are eroding and will continue to do so.

The agribusiness in Sub Saharan Africa is another area where we expect to see technology help drive inclusive growth. Agriculture in Africa presents a unique opportunity and challenge compared to the agribusiness value chain found in any other region of the world. The sector remains heavily reliant on the integration of small-

holder farmers into the value chain. Today these farmers are constrained in their access to markets by lack of credit, poor storage facilities, or broken supply chains. Technology and the integration of digital business models can fill the current gaps. These will provide smallholders and their supply chain partners with opportunities to increase their productivity. Agritech can be expected to drive strong sectoral growth and provide opportunities for service providers in areas like logistics.



Technology cross-overs to sectors such as agriculture will increase.

# GOODWELL AT A GLANCE



**Founded in 2004**

**First investment in 2007**

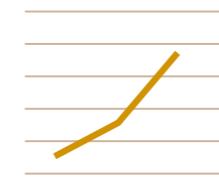


Invest in  
early stage  
impact  
businesses

Providers of  
affordable basic  
products and services  
of good quality



## Unserved and underserved consumers



**12**  
Year of track record



**145 million**  
Assets under  
Management  
(AuM) USD



**30\***  
Investments

## SUSTAINABLE DEVELOPMENT GOALS



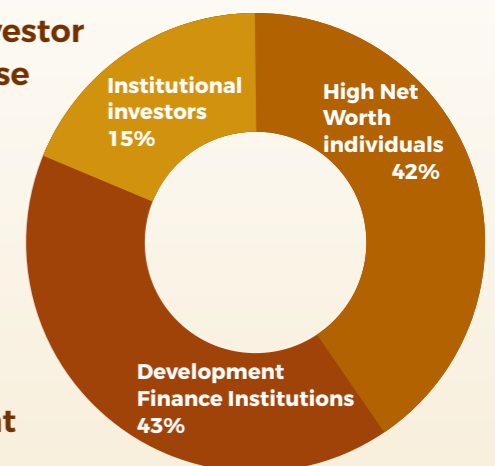
## Patient capital

High social  
impact & attractive  
financial returns

Capital &  
management  
support



Investor  
base



**GOODWELL  
I**

**Aavishkaar Goodwell  
India MDC**



**Belstar**  
(Microfinance)



**Equitas**  
(Microfinance)



**Grameen Koota**  
(Microfinance)



**Basix**  
(Microfinance)



**Share**  
(Microfinance)



**Suroday**  
(Microfinance)



**Utkarsh**  
(Microfinance)

**GOODWELL  
II**

**Aavishkaar Goodwell  
India MDC II**



**IntelleCash**  
(SME Finance)



**Swarna Pragati**  
(Housing)



**Suroday**  
(Microfinance)



**Utkarsh**  
(Microfinance)



**Arohan**  
(Microfinance)



**EPS**  
(Fintech)

**GOODWELL  
III**

**Goodwell  
West Africa MDC**



**Nwabiagya Bank**  
(Microfinance)



**Mainstreet Bank**  
(Microfinance)



**GN Bank**  
(SME Finance)



**Baobab Nigeria**  
(Microfinance)



**Paga**  
(Fintech)



**WWBG**  
(Microfinance)

**GOODWELL  
IV**

**uMunthu Investment Co.**



**Baobab Nigeria**  
(Microfinance)



**Paga**  
(Fintech)



**Musioni**  
(Fintech)



**Oradian**  
(Fintech)



**Lidya**  
(SME Finance)



**Inclusivity Solutions**  
(Fintech)



**Nomanini**  
(Fintech)



**WIMT**  
(Mobility)



**Innovative**  
(Microfinance)



**MFS Africa**  
(Fintech)



**Copia**  
(E-commerce)



**MAX.ng**  
(Mobility)

- Live
- Full exit
- Partial exit
- Write-off



Portfolio

# INVESTMENT PROFILES

# India (Chennai) EQUITAS



*'The Equitas team impressed from the start and has helped to transform a sector.'* Vineet Rai, CEO of Aavishkaar,  
Goodwell's partner in India

## SUSTAINABLE DEVELOPMENT GOALS



## Social Performance Indicator



**3,300,000**  
Number of clients



**97%**  
female borrowers



**1,441,408**  
Local disease prevention outreach

### What caught our eye

Equitas set out to offer fair and transparent microfinance loans to low-income urban and rural women living in single or two-room houses. On social impact, it committed to donate 5% of its profits to non-profit health care, food, and education programmes that support clients in their social development. Millions of customers and their relatives across India continue to benefit from this commitment.

### What Equitas says

Goodwell stepped in at a crucial moment in our development. We had launched the year before, in 2007, after securing our micro-finance license. We had four operational branches, 3,775 customers and a 100% prospect-borrower conversion rate. We came from a finance rather than an NGO background and we knew we not only needed a patient investor to build the next generation microfinance institution that we had in mind, but also support from people who understood the balance between social and financial impact, who had access to a network of experts and an investor who understood the importance of IT and efficient operations that would allow us to scale. Goodwell played that pioneering

investor role and stood by the team during the difficult early years.

### Why we invested

The Equitas team immediately impressed us with their strong track record in financial services, their drive for operational excellence, and, most importantly, their passion to serve lower-income people with affordable but good quality basic products. Equitas organized its processes more efficiently than other microfinance institutions, which enabled it to reduce its costs and interest rates below those of its competitor MFIs. Equitas obtained a small business bank license allowing it to offer savings and other relevant services, instead of just loans. Although loans is the dominant model in India, it does not meet the real needs. Equitas has delivered significant growth, with over 2.5 million clients in 2015. Just as importantly for us, the company's clients have benefited directly from this growth and the profits it delivered.



### What caught our eye

India has one of the highest unbanked populations in the world with around 60% having limited or no access to financial services. This is despite the fact that the Indian banking industry grew almost five-fold between 2000 and 2010, to US\$ 1.3 trillion. EPS, set up in 2011, saw an opportunity to change the story by offering outsourced ATMs, point of sale, switching and other payment processing solutions and so bring financial services to rural areas without any existing banking infrastructure.

### What EPS says

"The Indian government believed that ATMs could play a key role in promoting financial inclusion in remote areas of the country. We saw this as opening the door to creating a network of outsourced ATMs and, eventually, white label ATMs. Goodwell understood not just the immediate positive impact ATMs could have on people living in rural India, but what they could offer in the future in terms of new services for financial inclusion." Mani Mamallan, founder of EPS.

### Why we invested

The management team and their backers have deep experience in technology and retail, plus tie-ups with industry leaders to supply equipment and provide ATM outsourcing services in urban, semi-urban and rural markets. This, plus the high social impact of offering the unserved and underserved access to banking made it an ideal investment for us. The clincher was

*'We believed ATMs' were a missing link in promoting rural financial inclusion.'* Mani Mamallan, CEO and founder of EPS

the innovative business model, with options to grow the back-end operations beyond the usual ATM services, such as cash withdrawal and cheque deposit, to include value added services such as credit or insurance.



### Social Performance Indicator



**9,514**  
Number of ATMs deployed



**40%**  
in rural / semi-rural areas



**150**  
Average number of transactions per day per ATM



*Kick-starter for a rapid expansion of ATMs in India*

India (Mumbai)  
**ELECTRONIC PAYMENT SERVICES (EPS)**

## SUSTAINABLE DEVELOPMENT GOALS



India (Nagpur)

# SWARNA PRAGATI



## Social Performance Indicator



**610%**  
change in loan portfolio



**340%**  
change in clients



**13,560**  
Number of clients

*‘The secret is the innovative approach to establishing land ownership and phased-based loan payments.’ Wim van der Beek*

### What caught our eye

Swarna Pragati launched in 2009 as the first company to offer housing microfinance to low income and economically weaker rural dwellers, who are severely underserved by India’s conventional housing finance models. The secret lies in an innovative approach to establishing land ownership. This is based on so-called social collateral, and the phase-based release of loan payments.

### What Swarna says

At the time we got involved with Goodwell, in 2012, we had already funded over 3,000 homes and were looking for fresh capital to support further loans. We have an unconventional operating model that appears to be something of a leap of faith. This includes authorizing loans on the basis of “paralegal” land titles rather than formal ones, offering separate, modular financing for roofs, flooring, kitchens, toilets and so on, organizing

loan payment and repayment collection via mobile NGO teams, and a focus on self-help and joint liability groups as delivery models. It’s all pretty unconventional, but Goodwell understood it and saw the possibilities.

### Why we invested

We loved Swarna’s boldly stated goal of helping to build a society in which everyone has a suitable place to live and work with dignity – and its ambition to be the leader in Indian housing microfinance. We could see the benefits of offering modular loans for new-build housing and housing improvement, the reasons for accepting paralegal land titles, and we liked it that loan amounts were linked to ability to pay and took account of income fluctuations. They also had their cost base under control. Basically, the more we thought about it and did our due diligence, the more it all added up.



Africa (Lagos / Nigeria)

# PAGA

*'Paga has the most active agent network in Nigeria, providing more touch points than all bank branches and ATM's combined.'*

*Mobola Onibonoje, investment principle, Team West Africa*

## SUSTAINABLE DEVELOPMENT GOALS



## Social Performance Indicator



**12,959,471**  
Number of users



**USD 5.2 bn**  
in transactions processed



**21,000**  
Number of agents

### What caught our eye

Imagine a market of over 50 million people whose lives could be transformed just by applying fintech solutions. Why wouldn't you go after it? That's what Paga has been doing since 2011, and the more they told us about their ideas to bring simple payment solutions to the unserved and underserved, the more excited we became.

### What Paga says

"Almost 57% of Nigerian adults lack access to formal financial services, yet 90% of them own a mobile phone - and 96% can access one. Put it together and you see that mobile financial services have the potential to reach millions of people currently excluded from formal banking provision. When we met Goodwell, in 2011, we were still at a very early stage and had no formal institutional investors on board. The first investment by Goodwell enabled us to kick-start our journey, and the second one in 2015 further accelerated our growth. In 2019 we passed the mark for 13 million users, who we serve through a network of over 21,000 agents. We see the opportunity to connect every adult in Nigeria to financial services, and we are delighted Goodwell saw the things the same way!" Tayo Oviosu, founder and CEO of Paga.

*"We saw a pair of dedicated, passionate entrepreneurs with a very clear idea."*

### Why we invested

When we met Paga, we saw a pair of dedicated, passionate entrepreneurs with a very clear idea about solving a big issue some time in Nigeria. They had spent quite some time defining how they could best contribute to social development and had concluded that with their background and expertise, financial inclusion and fintech could make a great impact and provide huge business opportunities. Another thing we liked was the company's focus on offering the whole spectrum of financial services: savings and transfer, credit (via third parties), e-wallet saving, low-cost remittances, payrolling and more. It was and is just brilliantly thought through and effective.

## What caught our eye

Innovative Microfinance has a clear-headed view of the challenges that face ambitious microfinance companies. As they say themselves, it's about "capital, capacity and costs". Innovative combines sustainable business practices with, yes, innovative technologies to provide loan and deposit services to, mainly, market women and small business owners in unserved and underserved rural areas.

## What Innovative says

"Financial policy reforms and the unwillingness of commercial banks to supply credit to small businesses have driven microfinance growth in Ghana. We launched Innovative in 2009 and by 2016 we had 7,000 borrowers and 10,000 depositors. Today, we now have close to 20,000. We were at a point where we needed an investor to help us grow further and expand into new areas, such as Ghana's Northern Region, where there was little microfinance presence. Of course, in a social business like ours, it is especially important that your investors understand what you do and share your vision. Goodwell does." Sheila Azuntaba, founder and CEO of Innovative.

## Why we invested

We saw that Innovative had a record of making a positive impact while also delivering a solid shareholder return, and we felt our investment could help it fill a gap in its operational footprint: rural Northern Ghana, which is an area that lacks an adequate financial infrastructure or eco-system. We are also attracted by the company's holistic view to financial inclusion, going beyond providing traditional products like savings and credit. It entails a value added approach that improves the overall financial well-being of its clients and communities. Innovative provides financial advisory services and organizes trainings on financial literacy and business development techniques. This also promotes corporate social responsibility activities, like the Energy for Everyone programme (E4) that teaches environmental issues.



## Social Performance Indicator



**48%**  
rural users



**86%**  
female users



**19,924**  
clients

## SUSTAINABLE DEVELOPMENT GOALS



Africa (Accra / Ghana)

# INNOVATIVE MICROFINANCE

*'Innovative focuses on overall well-being and has a clear view on social and financial success.'* Els Boerhof

13 - 07 - 2015 / WIMT

19 - 08 - 2015 / Microcred (Baobab)

20 - 10 - 2015 / Nomanini

## Social Performance Indicator



**143,034**  
Number of users



**EUR 2337**  
Average loan size



**610%**  
Loan portfolio growth



**7,604**  
Loans disbursed



Africa (Lagos / Nigeria)

**LIDYA**

18 - 02 - 2016 / Musoni

09 - 03 - 2016 / Paga

*‘Lidya is where SME funding needs meet smart algorithms and digital platforms.’*

*Temilade Denton,*  
*investment associate, Team West Africa*

### What caught our eye

Lidya, founded in 2016, offers working capital financing for small and medium enterprises. What makes it special is that it is using fintech to target SMEs that lack the conventional credit history banks demand. Lidya digitizes historic payment data and track records to create digital credit scores. Through its use of mobile and online platforms, and a credit algorithm that draws on alternative as well as conventional data points, Lidya enables these “unbankable” SMEs to apply for and receive a financing decision within 24 hours.

### What Lidya says

Many emerging market SMEs have few or no options to finance their working or growth capital requirements. Lack of data, lack of collateral, infrastructural challenges and high market volatility and complexity are some of the reasons. Goodwell, like us, believes that fintech can change this. Our loans are small but essential, ranging from US\$ 150 to US\$ 15,000, with an average loan size of US\$ 815. As a provider of unsecured loans, our success depends on the rigor and accuracy of our algorithms, which are proving to be very efficacious, and

Goodwell’s investment is helping us to further expand our team, improve our operational expertise and enhance our IT platform.

### Why we invested

Lidya’s mission to use technology to grow so-called unbankable SMEs fits perfectly with the goals of our uMunthu fund. Globally, lack of funding is the biggest challenge for the SME sector. In Nigeria, there are currently over nine million MSMEs, representing almost half the country’s GDP. Small enterprises are a key engine of inclusion. They make a direct impact on local societies and a direct contribution to the development of decentralized economic eco-systems, creating jobs. Despite the widely accepted importance of SMEs, too many find it hard to obtain growth funding. Lidya has developed an effective and very efficient digital model to assess the quality and credibility of the entrepreneur. This allows fast online scoring, fast decision-making and the fast deployment of credit.

Lidya’s scalable fintech model is an exciting answer to the problem.

## SUSTAINABLE DEVELOPMENT GOALS



21 - 10 - 2016 / Innovative

## What caught our eye

Founded in 2010, MFS Africa has developed a solution that eliminates the fragmentation problem that hinders interoperability between mobile money operators, banks, financial institutions and other money transfer organizations. How? By connecting them all to the MFS Hub. Launched in 2014, the hub supports simple, fast, trustworthy and transparent cross-border mobile money payments. All in real time.

*Enabling financial inclusion through continent-wide cross-border transactions*

## What MFS says

"MFS Hub is Africa's largest mobile money interoperable platform, It connects 60% of the mobile wallets in Africa - 170 million mobile wallets - across 100 partners in 55 markets. Our network opens financial services to those excluded from traditional banking spaces and makes it simpler and safer for everyone who wants to transact and do business in Africa. As well as the financing itself, the strategic advice and support we receive from our dedicated

group of investors is helping us to expand the business into new regions and offer new use cases." Dare Okoudjou, founder and CEO of MFS Africa.

## Why we invested

MFS had deals with all the major mobile money networks and operators in Africa. It was growing exponentially with an annualised growth rate for the value of money transferred of 350% (as of September 2017). And we felt that this was just the start. Most mobile money transactions are cash in-cash out, airtime top-ups, P2P transfers and merchant payments within the network. But there is a new generation of mobile money digital financial services emerging. These include lending, savings and cross border remittances. And then there is the potential to take the concept to Asia as part of China's Belt and Road initiative. MFS can really help to drive greater financial inclusion, and not just in Africa.



## Social Performance Indicator



**200 million**

Number of wallets on platform



**155,090**

Number of end-users



**44**

Number of active merchants on platform



**23**

Number of countries connected

## SUSTAINABLE DEVELOPMENT GOALS



Africa  
(Johannesburg, South Africa)  
**MFS AFRICA**

*'MFS is creating a digitally connected pan-African continent where borders have no barriers and physical limitations cannot disconnect us.'*

*Danai Musandu, investment associate, Team Southern Africa*

27 - 11 - 2017 / MFS Africa

22 - 12 - 2017 / Oradian

# Africa (Ruiru / Kenya)

## COPIA



### SUSTAINABLE DEVELOPMENT GOALS



#### What caught our eye

Copia launched in Kenya in 2013 with 20 agents. By 2019 it had over 3,200 agents, 40,000 customers and over 80,000 orders a month. Yet despite this, Copia still only covers around 28% of the country and reaches only a minority of households in this area. At the same time, its potential addressable market includes other countries in Sub Saharan Africa, plus Latin America and Asia. That's a potential purchasing power of over \$5 trillion a year.

#### What Copia says

We combine e-commerce technology, local agents, efficient delivery strategies, a broad and affordable product offering and reliable services to give "Base of the Pyramid" consumers access to necessity goods and services that would otherwise involve a trip to a major city. We save them an average of US\$ 1.50 in transport costs and an hour's travel time per order - which

is huge when you live on only a few dollars a day. With the support of Goodwell and other investors, we are streamlining our logistical hub in Kenya and improving operational efficiency to support further expansion.

#### Why we invested

Copia has a large and positive social impact. It provides rural consumers with a wide choice of products at affordable prices through a convenient business that they can trust to deliver quality and save them money. This e-commerce investment is a perfect match for our uMunthu fund, whose mission is to invest up to 50% of its funds in financial inclusions and 50% in other impact business that matter to low income households, either because of the amount they spend on these products or because of the time and effort involved in buying them. Copia does this, which makes it a unique investment opportunity.

### Social Performance Indicator



**3,567**

Number of active agents



**EUR 8.08**

Average order value



**2,000,000 +**

Orders fulfilled

*'Copia brings the benefits of e-commerce to rural consumers via an agent that is close to them and that they can trust to deliver quality.'*

*Joel Wanjohi, senior investment manager, Team East Africa*

## SUSTAINABLE DEVELOPMENT GOALS



### What caught our eye

WhereIsMyTransport is a technology company whose cloud-based Transport API can integrate public transport schedules and real time information across both formal and informal modes of transport. In markets like Africa and Asia, where formal and informal go hand in hand, WhereIsMyTransport can extend reliable transport services to traditionally underserved and off-the-map areas.

### What WIMT says

Transit API is an open platform for integrated public transport information. We aim to be the centralized data platform for all cities, operators and smaller businesses in the mobility space. Within the first month of the platform's launch, in 2016, it had collected data from seven countries and 45,000 km of routes, and generated some five million API calls. We are growing fast and fast growth brings risks and opportunities, so we have been keen to attract investors, like Goodwell, that can help us do this, but without overheating.

WhereIsMyTransport solves an ever-growing issue of congested cities: long and expensive travel times and high emission. By helping to build smart cities it contributes to a healthier living environment, cleaner air, more efficient resource use, more efficient travel time and significantly lower travel costs.

### Why we invested

We think that WhereIsMyTransport's focus on using data collection to expand the company's footprint across Africa will make it the de-facto data house for public transport routes, with a competitive advantage over its peers. The idea is really well thought through and very scalable, thanks to the API's ability to integrate informal as well as formal public transport datasets in any city. WhereIsMyTransport is revolutionising transportation for the underserved as well as the middle classes.

*'A pioneer bringing visibility to an ecosystem of tuk tuks, minibuses and so much more.'* Mercy Zulu-Hume, investment associate,

*Team Southern Africa*

# Africa (Capetown, South-Africa) WHERE IS MY TRANSPORT



## Social Performance Indicator



**434,200**  
Number of km mapped



**23**  
Number of cities covered (Africa)



**23**  
Number of countries present



# IMPACT FRAMEWORK

goodwell  
invest with impact

# IMPACT FRAMEWORK

## ESG\* management framework

*Goodwell Investments applies the highest standards in fair business practices, including The Client Protection Principles ('the Smart Campaign') of which Goodwell was an inaugural signatory, and the UN Principles for Investors in Inclusive Finance, of which Goodwell was co-founder and inaugural signatory. The Guidelines for Responsible Investment in Digital Finance launched in June 2018 are an initiative of Goodwell and IFC.*



<b>A</b> Investment advisor level	Selecting partners with dual mission of achieving social impact while delivering attractive financial return	Responsible investment principles	Sector initiatives	The business environment level	Better business environments provide solid foundations for growth
<b>B</b> MFI level	Selecting investees with dual mission	Social and environmental management systems	Governance, capacity building programmes	The portfolio company level	Better run businesses are more stable
<b>C</b> Client level	Exclusion lists	Client protection principles	Credit + market linkages, education and health programmes	The end-client level	A happy client is a loyal client  

\* Environmental, social and governance (ESG) refers to the three central factors in measuring the sustainability and ethical impact of an investment in a company or business.



# ABOUT THIS REPORT

## An insight into inclusive investing

*Social impact is complex and multifaceted, with no 'silver bullet' to achieve it. The diversity of organizations that contribute to achieving financial inclusion in the Global South is huge, as are their goals, operating environment, opportunities and other factors. All this makes compiling a social impact report a real challenge, a challenge that grows even bigger when your goal is to document 30 investments over more than a decade of operation.*

As Goodwell, we understand this. As a result, we do not aggregate impact into one metric that we then try to apply universally, across all our investments. Instead, we embrace the complexity of building an inclusive and resilient financial ecosystem.

The report reflects this through a series of insights into our portfolio that show the myriad ways that local solutions are addressing local problems. Our portfolio of 30 diverse companies is too big to cover in a report of this nature. So we decided to provide an insight into a third of them. The SP organizations selected have not been cherry-picked to emphasise our social impact or financial return, but instead reflect the journey we have been on over the last 12 years. Each

company provides an invaluable piece to the financial inclusion puzzle. Their unique approach delivers a targeted impact while simultaneously contributing to the broader goal of increasing the provision of affordable and high-quality products and services to underserved populations in our selected geographies.

Since our inception, we have held the dual mission of social impact and financial return central to our vision and decision-making. This report portrays the key lessons learned from adopting such an approach, above all debunking the myth that there is an intrinsic trade-off between social impact and financial return. In fact, we argue the opposite: that our track record across 30 investments demonstrates that by investing in

impact-focused businesses, you can generate market-rate financial returns with considerable social impact. From a reporting perspective, we have been transparent and honest throughout this report, giving conservative estimates if figures could be interpreted in different ways. We see no benefit in overstating our impact.

Whether you are an experienced investor or new to the impact investment industry, we hope you find this report informative and enjoyable. And if you would like more information about the topics and companies mentioned here, or about Goodwell's approach in general, please do get in touch.

Our portfolio companies are addressing local issues and providing solutions in a myriad of ways.



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