




A review and outlook based on our first year of operations

2023 — Impact Report



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Foreword

This report marks the first official year of the Refugee Investment Facility (RIF), and a successful but also unusual partnership for the Danish Refugee Council (DRC) and iGravity. On April 19, 2023, the RIF was officially established as a formal legal entity. However, this goes back several years... it was in the year 2020 when the DRC and iGravity came together for the first time and begun to assess the potential of impact investing in a refugee context. Coming from two different perspectives and with distinct lenses, we have learnt that our strength lies in combining our capabilities and skillset which has paved the way for launching the first ever SME-focused refugee investment facility using impact-linked loans and technical assistance to support businesses in refugee hosting communities.

This first year of the RIF has been exciting and rewarding, but not without challenges as we build up a portfolio of loans across Uganda and Jordan and develop our organization, procedure and culture. We keep learning and being inspired by the businesses and change agents working to improve the conditions for refugees and their host communities, empowering refugees and host

communities as customers, suppliers or employees and breaking down old aid dependency models. Applying both impact-linked finance and technical assistance (TA), we aim to assist local enterprises in the challenges they face while operating, often in a vulnerable and volatile context, facing tensions between their path toward financial profitability and sustainability and deep impact within their communities.

Pipeline building has proven to be challenging and slow, with few companies meeting our requirements and many in need of assistance prior to our financial and impact due diligence. However, on the other hand many of them show such strong resilience to adverse conditions and motivation to succeed.

From the onset we have been guided by both ambition and humility, following a pilot-to-scale approach where we would first demonstrate the viability of our model in selected markets and develop the necessary procedures for investment and impact measurement before scaling across more countries and regions. In fact, RIF was never just designed to deploy in Uganda and Jordan only, but piloted in these locations to better understand the impact that can be achieved by providing

financial and non- financial support to enterprises hiring, sourcing from, and serving refugees and host communities.

As we build up our target portfolio in 2024, we are already preparing the next phase with country deep dives and feasibility studies in Kenya, Colombia, and Turkey to better understand the local entrepreneurial ecosystem and understand the type of finance and TA required for prolonged refugee impact. Based on these studies and our experience from Uganda and Jordan, we are developing a RIF scale model and will be starting fundraising for the next phase, very much convinced that the blended finance approach of the RIF is the way forward, with grants from foundations and development agencies and loans from impact-first investors as the foundation for the scale of the RIF.

All of this would clearly not have been possible without our closest partners, in particular ECHO,

DANIDA, Novo Nordisk Foundation, Ikea Foundation, the Conrad N. Hilton Foundation, and the Missionary Sisters of the Sacred Heart, who have all supported the RIF pilot phase. We are proud to be working with them and other partners in this pioneering initiative to bring more impact-focused investments to areas affected by forced displacement.



Patrick Elmer

*Board member RIF
and CEO & Founder
iGravity*



Morten Högnesen

*Board member RIF and
Head of Program Innovation
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About the RIF

Officially launched as an initiative in September 2022, **the Refugee Investment Facility (RIF)** is a groundbreaking collaboration between the **Danish Refugee Council (DRC)**, one of the world's foremost organizations specialized in supporting refugees and forcibly displaced people around the world, and iGravity, a Swiss-based consulting and investment advisory firm specialized in impact investing and committed to building a more equitable and sustainable financial system.

The RIF links the world of impact financing to the world of humanitarian refugee assistance to offer a new way of supporting refugee well-being, livelihoods, and self-reliance, while contributing to mainstreaming the growing interest from purpose-led investors in supporting refugees.

Starting with a pilot in Jordan and Uganda, two countries with significant refugee populations, relatively permissive regulatory environment and challenging socio-economic conditions including for refugee-hosting communities, the RIF lends to private enterprises that contribute to addressing the key livelihood and self-reliance challenges faced by refugees and their host communities.

It does so by providing patient capital in the form of **impact-linked financing** to enterprises that generate tangible outcomes for refugees and their host communities, and by offering both business-focused and impact-focused **technical assistance** to companies in its portfolio.

This collaboration opens pathways to private investment towards these underserved economic actors, contributes to **mainstreaming investment practices to support refugees and their host communities and ultimately aims at showcasing a sustainable model at scale.**



BLENDED FINANCE MODEL

The RIF is set-up as a Swiss limited company and employs a blended finance model, combining grants and investments. The RIF is designed as a revolving loan facility, so repaid loans get re-lent to new borrowers. Grants are utilized for lending, technical assistance and covering operational expenses – and play a catalytic role in mobilizing finance from impact investors.



IMPACT FIRST

The RIF is an "impact-first" facility (focuses on generating positive outcomes alongside financial returns) providing impact-linked loans to its borrowers which reward generated outcomes, so the RIF generates less interest income if its borrowers are successful and hit their impact targets.



HIGH RISK APPETITE

The RIF has a high-risk appetite, playing a pioneering role in moving capital to frontier markets and underserved displacement-affected communities and often acting as the first institutional investor.

Impact framework

The Impact Framework of the RIF consists of three components:

RIF investment strategy

which outlines the refugee-related investment lens that informs the impact investment strategy based on the RIF theory of change (see page 9).

RIF investment process

which operationalizes the investment strategy and informs decision making throughout the investment process (see page 11).

RIF results framework

which outlines how impact will be measured and monitored at the level of the individual enterprise as well as on a portfolio level (see page 13).

Investment Strategy

Defining the refugee-related investment lens



Capacity & skills

Increased **employability** and access to **skills enhancement services**



Income generating activities

Improved access to **quality employment opportunities**



Financial inclusion

Improved **financial inclusion**



Goods & services

Increased access to essential **goods and services**

Investment Process

Operationalising the refugee impact investment lens

Preliminary Review



Understanding whether the enterprise is in principle within scope of the investment strategy

Selection Committee



Evaluating whether the enterprise's impact potential is worth pursuing and impact risks manageable

Extensive Due Diligence



Conducting full on the ground due diligence and defining incentive KPIs and impact targets

Investment Decision & Execution



Executing the investment, including finalisation of results framework and conduction of baseline survey

Results Framework

Measuring effect and integrating learnings in strategy



Outcomes experienced by the target population as a result of the investee enterprises' operations, activities, and products and services



Outcomes achieved at enterprise level as a result of the financial and/or non-financial support



Changes achieved at community level as a result of the RIF portfolio

RIF Investment Strategy: Applying a refugee-related investment lens

In complement to the humanitarian assistance provided to some of the most vulnerable people including refugees and their host communities, **enterprises operating in and serving communities affected by displacement can play a pivotal role in reducing grant dependency and bringing about lasting change** by enhancing employability, providing quality employment and income generating opportunities, fostering financial inclusion, and ensuring access to essential services and digital products.

As such, standing on the shoulders of actors operating in the nexus between investment and refugee impact, the **RIF employs a broadened perspective on what enterprises that generate tangible positive outcomes for refugees and host communities** can be, for example:



Investment Themes	Capacity & Skills	Decent Work	Financial inclusion	Access to goods & services
Key Impact Targets	Increased employability and access to skills enhancement services	Improved access to quality employment opportunities	Improved financial inclusion	Increased access to relevant goods and services



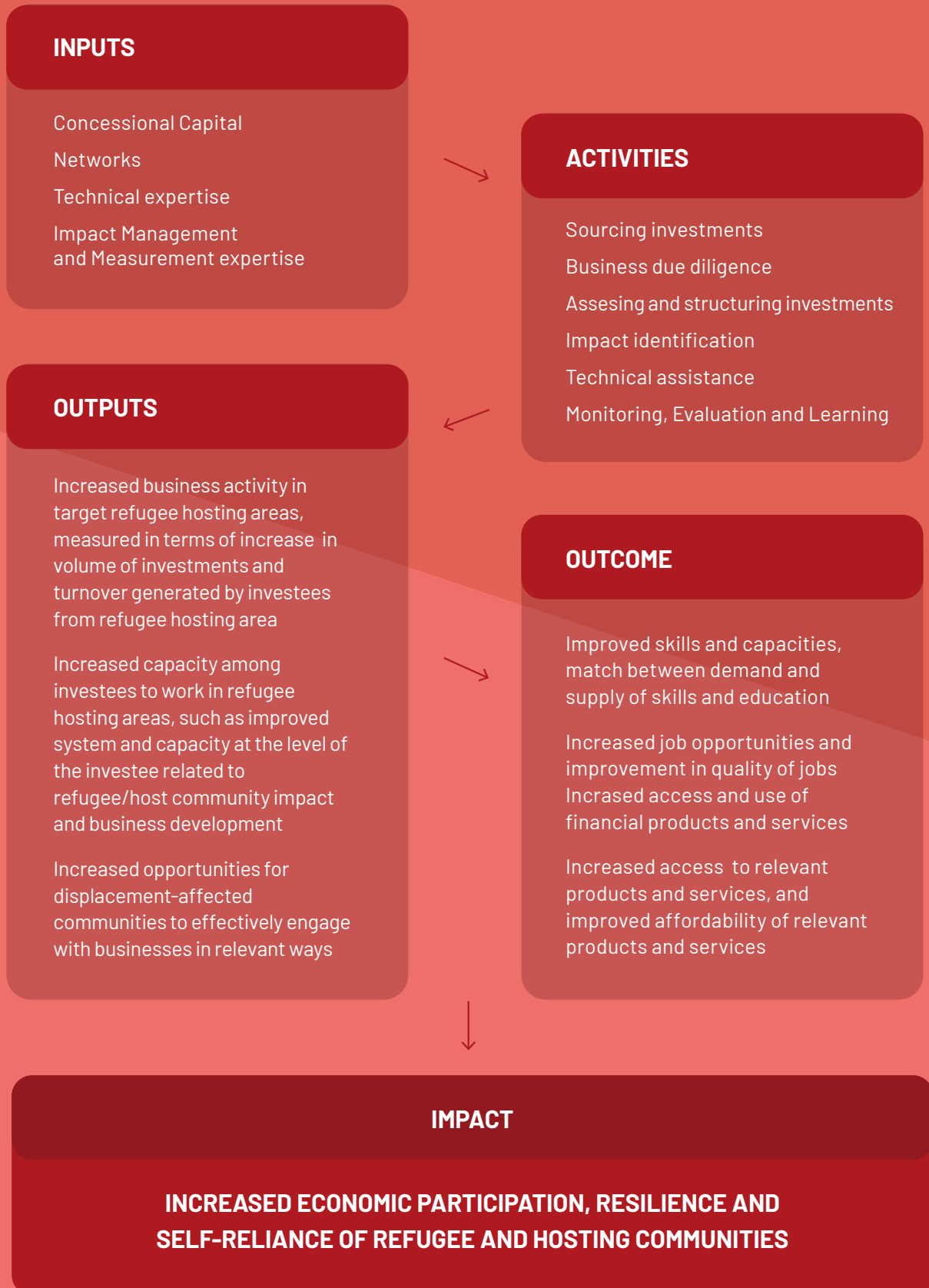
Like many other Small and Medium sized Enterprises (SMEs) - especially in emerging markets - typical **RIF borrowers face challenges due to inadequate financing made locally available** requiring funding solutions larger than grants and micro-finance but more affordable than what current financial markets offer.

Additionally, in operating in displacement-affected communities and integrating displaced persons and host communities in their value chains, local enterprises are additionally challenged by the relatively low spending power of this target group which may **pose a tension between financial and impact objectives** (growing and increasing profitability while hiring, sourcing from, or serving vulnerable and harder to reach population groups).

The RIF seeks to address challenges faced by refugees and host communities through impact-linked financing and technical assistance. The impact-linked financing provided through the RIF allows the enterprises to maintain or build their focus on refugee and host community populations, grow their businesses, and be financially rewarded through interest rate reductions for direct and measurable impacts they have on the refugee and host communities they are serving. Technical assistance allows for borrowers to receive tailored support to improve their business operations and how they work with and in displacement-affected communities.

These targeted outcomes will in turn, contribute to the self-reliance of people living in displacement-affected communities as outlined in the Theory of Change and Results Framework.

RIF's Theory of Change



COMBINING IMPACT-LINKED FINANCE AND TECHNICAL ASSISTANCE

Thanks to the combination of (concessional) impact-linked finance and technical assistance, the RIF is able to:



Help and incentivise local enterprises include refugees and host communities in value chains and deepen their social impact towards these communities;



Align enterprise objectives with the RIF's investment strategy;



Improve financial maturity and sustainability of local enterprises.

IMPACT-LINKED FINANCE

Impact-Linked Finance refers to linking financial rewards for market-based organizations to the achievements of positive social outcomes. It is a highly effective way of aligning positive impact with economic viability and lies at the intersection between blended finance, impact investing, and results-based finance.

With regards to the RIF, the interest rate applied to the loan provided to each company is linked to one or more KPIs that relates directly back to impact themes of the facility, resulting in measurable impacts on decent work and income generation, capacity and skills, financial inclusion, and access to goods and services. The more impact the company achieves over the term of the loan, the lower its cost of financing.

As such, the impact-linked loans provided through the RIF allow borrowers to maintain or build their focus on refugee and host community populations, grow their businesses, and be financially rewarded through interest rate reductions for direct and measurable impacts they have on the refugee and host communities they are serving.

TECHNICAL ASSISTANCE

The RIF Technical Assistance Facility (TAF) aims to provide technical assistance to the RIF's investees to support business growth and impact targets.

RIF borrowers often need business development and advisory services on how to maximize impact in refugee communities to make the best use of the financing provided through the RIF. Technical assistance funded through the TAF can comprise:

Refugee Impact Advisory and mentoring for refugee impact, which can focus on community cohesion and eco-system support, leveraging DRC's unique understanding and footprint in refugee hosting areas as well as its networks.

Business development mentoring and advisory by RIF investment managers, particularly on legal, financial management, and accounting processes.

EXAMPLE REFUGEE IMPACT ADVISORY ACTIVITIES:

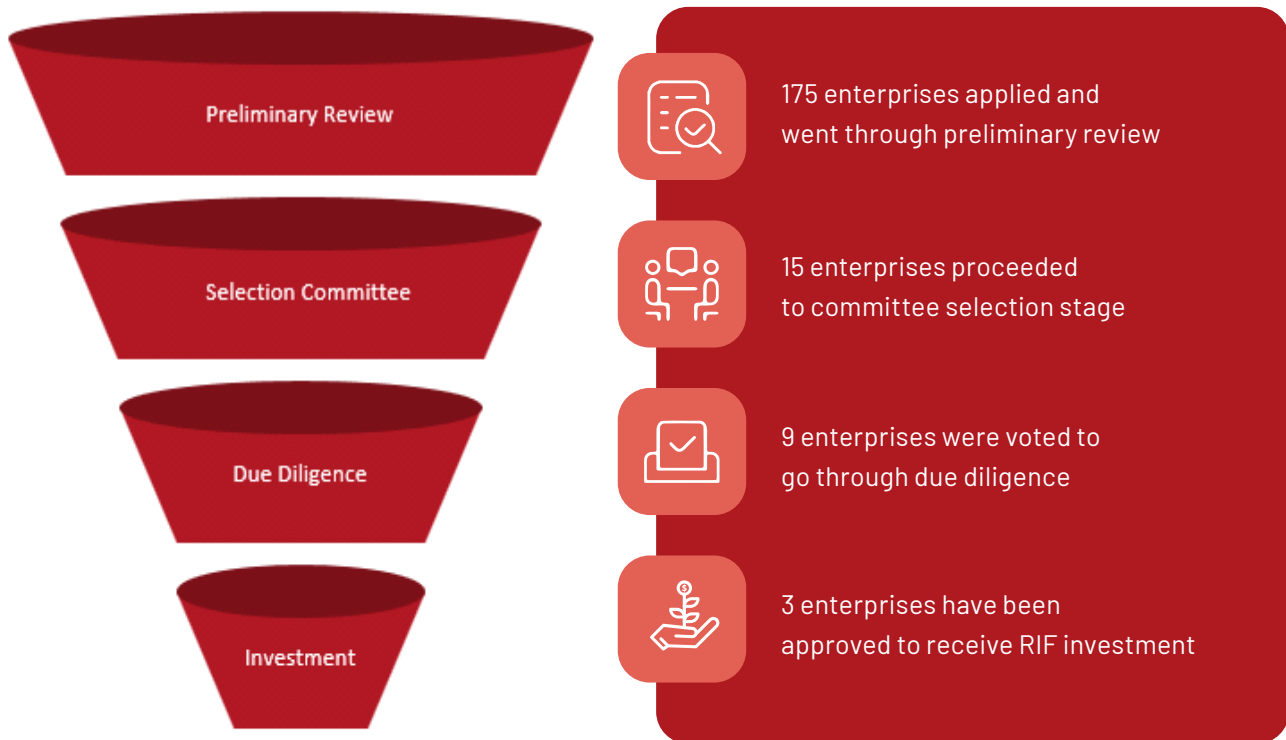
- Navigating regulatory environment
- Understanding market potential in refugee hosting areas
- Defining job creation targets and standards
- Refugee-sensitive product design and business model development
- Customer engagement and feedback loops
- Identifying and upskilling employees
- Linking with supportive programmin and ecosystems

RIF investment process: Managing impact throughout the investment process

Each potential RIF investee enterprise undergoes a comprehensive and structured screening and due diligence process leading to the convening of an Investment Committee to make final investment decision. In evaluating enterprises through the lens of impact, a dual-dimensional approach is employed, focusing on both **impact potential and impact risk**. The impact potential delves into the relevance and scalability that enterprises can attain for their intended beneficiaries. Conversely, impact risk scrutinizes the likelihood of enterprises facing challenges in generating, gathering, or quantifying their impact on the targeted beneficiaries.

	Preliminary Review	Selection Committee	Extensive Due Diligence	Investment Decision & Execution
Objective	Identify impact intent and conduct a comprehensive assessment of enterprises, evaluating for the absence of 'red flags', potential positive impact on people of concern, and alignment with RIF goals.	Evaluate potential investees through advanced conversations, intelligence gathering, and information exchange. The committee jointly decides the enterprise's qualification.	Conduct an in-depth assessment of the enterprises business and financial profile, targeted impact and key risks, KPIs, MEAL and associated results framework, and any required TA.	Present the investment Memo and supporting documents to IC to inform investment decision. Check compliance with loan agreements
Activities	<ul style="list-style-type: none"> Enterprises are assessed by RIF questionnaire The preliminary review committee votes Review of enterprises' impact risks, MEAL and TA capabilities 	<ul style="list-style-type: none"> Ensure enterprise has potential for positive outcomes Preliminary review committee votes 	<ul style="list-style-type: none"> Preparation of the investment memorandum Confirmation of the KPIs, results framework and TA requirements 	<ul style="list-style-type: none"> Presentation of results from prior investment steps Discussion to inform execution, financial and impact monitoring of selected enterprises.
Tool / output	<ol style="list-style-type: none"> RIF Impact questionnaire Preliminary review checklist RIF Impact screening 	<ol style="list-style-type: none"> RIF Preliminary review tool 	<ol style="list-style-type: none"> RIF due diligence tool RIF results framework RAF development tool 	<ol style="list-style-type: none"> Final investment Memo Investment decision Action items for later stages

Since the establishment of the RIF, more than 100 enterprises have been initially screened for the RIF. During 2023 the first investment was executed in Uganda, and two more were approved by the Investment Committee, marking a significant milestone in supporting enterprises operating in and serving communities affected by displacement to reduce grant dependency and bringing about lasting change.



RIF Results Framework: Measuring and monitoring impact

The RIF Results Framework embeds the dual perspective on generating sustained and tangible outcomes for people affected by migration. Thus, the RIF Results Framework embeds the following top-level results:

Three top-level outcomes for targeted people that are consistent with the RIF's four impact themes (employment/income generation, employability, access to goods & services, financial inclusion); and

One top-level outcome which observes any RIF enterprise's borrowers' financial sustainability to contribute to the RIF's three other targeted outcomes.



The Results Framework and approach build on the efficiency of enterprise-led data collection and monitoring while bringing in the rigour of the development sector in framing, monitoring, and evaluating the realisation of positive outcomes for forcibly displaced people and their hosts.

BALANCING IMPACT AND EFFICIENCY

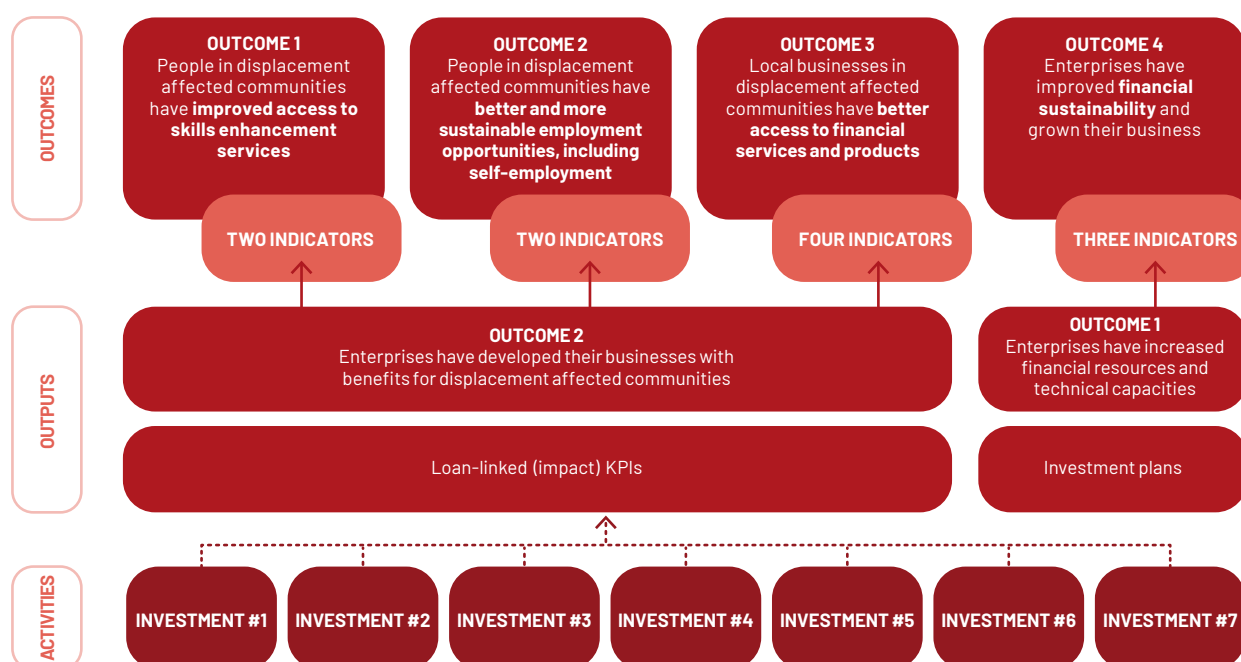
There is a difference between trying to achieve positive social outcomes through a purpose-designed (ordinarily grant-funded) project for which there can be bespoke, sometimes significant, investment into impact measurement and monitoring activities (e.g. data collection, monitoring, evaluation) and trying to achieve such outcomes through a private enterprise's business model that has often not originally been designed to capture social outcomes.

The RIF Results Framework has been designed with this trade-off in mind, without compromising on the depth of information that DRC and iGravity believe is necessary to generate high-quality evidence and observe longer-term social outcomes:

- Each enterprise is responsible for monitoring and achieving a limited set of loan-linked KPIs (typically one to three) for which each enterprise will either use its existing impact measurement and monitoring procedures where available or will be supported to design such procedures and build capacity through technical assistance (mainly funded by the TAF) – these KPIs serve as proxies to track the alignment of every RIF enterprise's business model towards having benefits for people of concern.
- As a leading NGO able to responsibly access displacement-affected communities, DRC will have primary responsibility for the monitoring and evaluation of each enterprise's contribution to the RIF's top-level outcomes towards people of concern – this is critical to ensure RIF investments result in reliably informed, lasting outcomes for the targeted people of concern.
- In order to limit the financial and operational burden of impact-related activities on the enterprises, the RIF will seek to align its outcome-level data collection and evaluation activities with each enterprise's KPI-related activities.

This means that the RIF Results Framework allows DRC and iGravity to leverage and tap into existing metrics and data generated by the enterprise while working with the enterprise to close any data gaps that may increase the information and evidence related to the enterprise's impact on refugees and host communities.

SIMPLIFIED RIF RESULTS FRAMEWORK



Investment Portfolio

For its initial phase, the RIF targets enterprises in Uganda and Jordan. **In the next phase from 2025 onward, the RIF will plan to grow and scale across multiple countries and regions.**

The two pilot countries have been selected based on four key criteria:

Significant levels of protracted displacement and therefore an entrenched need for durable solutions;

Ability of DRC and iGravity to leverage existing presence and programs;

A favourable investment climate, including the right to work for refugees;

A strong match with the RIF investment strategy.

Country Focus: Jordan

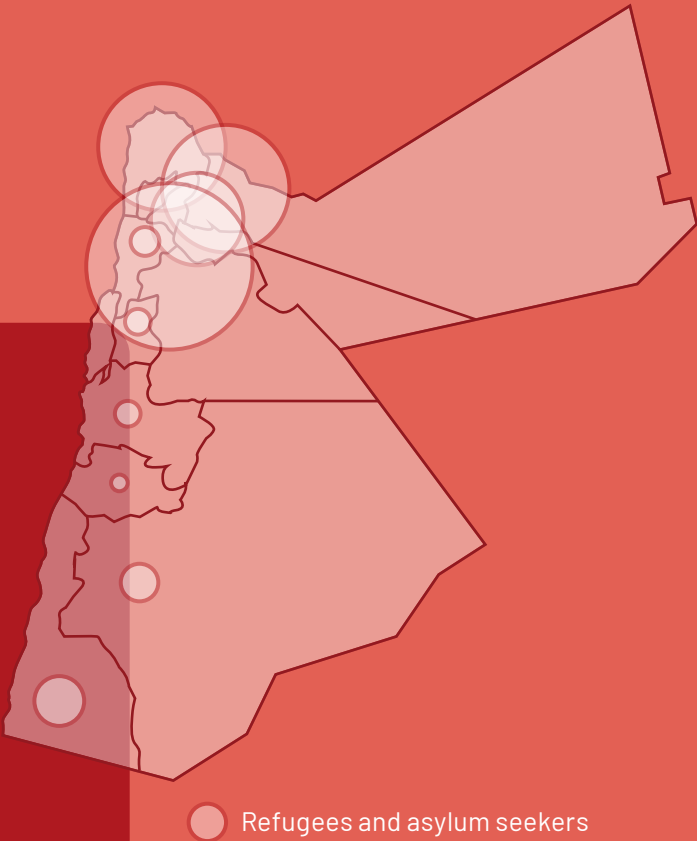
Total population: 11.15 million

Total displaced population: 1.3 million

Jordan hosts the 2nd highest share of refugees on total population globally, over 700,000 refugees, and has one of the most progressive approaches to hosting refugees.

Nearly 90% of refugee and asylum-seekers are from Syria.

Over 80% of Syrian refugees are estimated to live below the poverty line and 84% are unemployed.



Source: UNHCR, [Jordan Operational Data Portal](#)

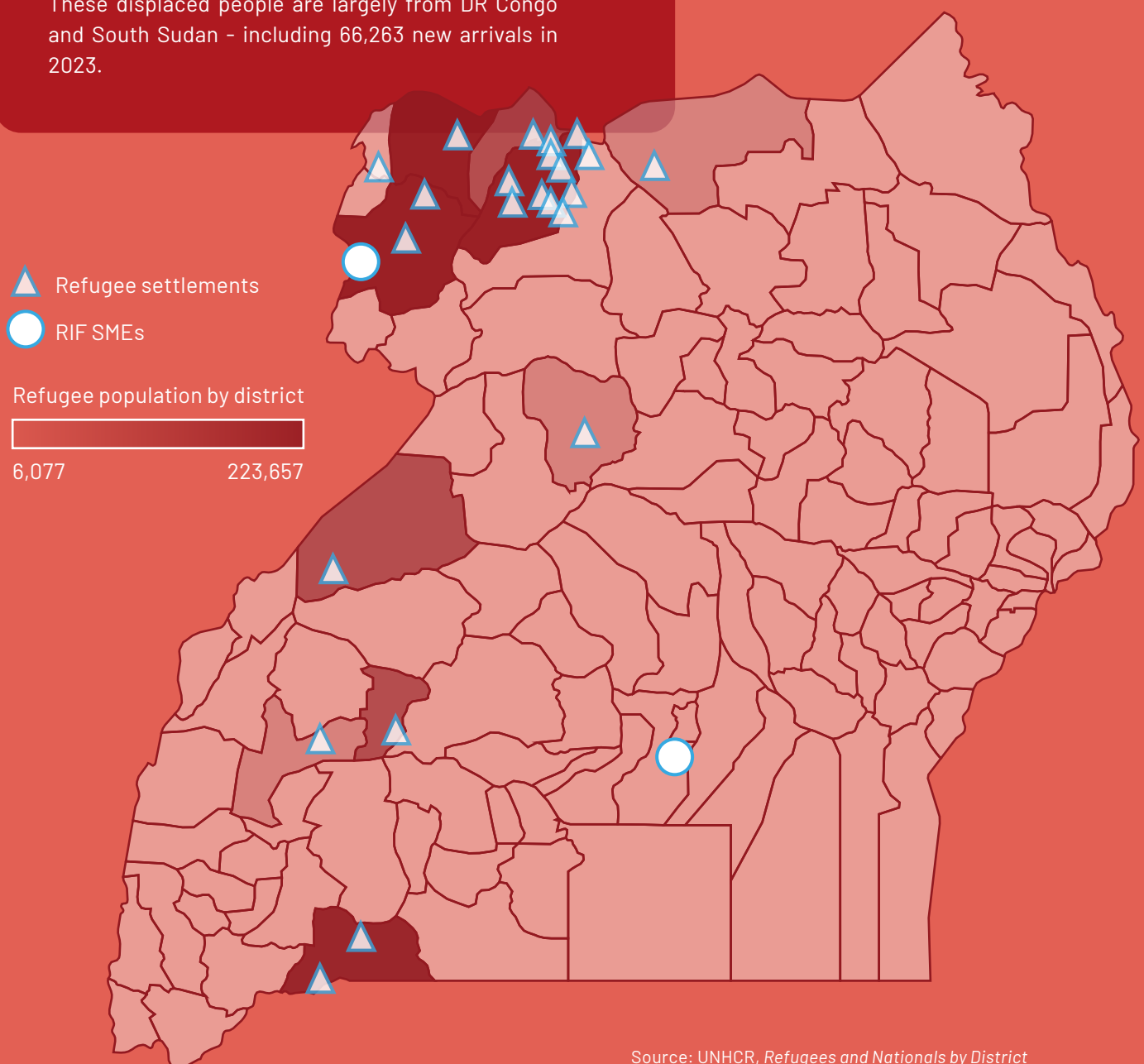
Country Focus: Uganda

Total population: 45.85 million

Total displaced population: 1.5 million

Uganda hosts the largest refugee population in Africa, of which between 47% and 60% live below the poverty line and over 60% are unemployed according to UNHCR estimates.

These displaced people are largely from DR Congo and South Sudan - including 66,263 new arrivals in 2023.



Source: [UNHCR, Refugees and Nationals by District](#)

RIF Borrower Case Study: Omia Agribusiness

THE FACILITY

iGravity and the Danish Refugee Council joined forces to leverage common expertise and experience in refugee assistance and innovative private sector financing to support **refugees** and **host communities** to access **jobs, skills training and essential goods and services**.

THE RIF

The Refugee Investment Facility (RIF) provides **technical assistance** and **long-term financing** on favorable terms to local companies in forced displacement affected areas. The loans are linked to **pre-agreed impact targets**. This incentivizes borrowing enterprises to develop inclusive and sustainable business models and create employment, economic opportunities as well as access to essential services and goods. Starting in Uganda and Jordan, the RIF offers a new partnership-based model for supporting private sector-led solutions in forced displacement situations.

THE FUNDING

The Refugee Investment Facility is generously funded thanks to a combination of grants and investments by European Commission - ECHO#EUHumanitarianAid, IKEA Foundation, Conrad N. Hilton Foundation, Novo Nordisk Foundation, Danish Ministry of Foreign Affairs #Danida and Cabrini World - Missionary Sisters of the Sacred Heart of Jesus.

THE PARTNERSHIP

Omia is granted a **3,5-year impact-linked loan** of USD 150,000 and about USD 10,000 contribution from the RIF's Technical Assistance Facility to increase its refugee impact. The investment aims to increase opportunities for decent work and improved employability for 12,000 customers in refugee-hosting districts over the investment period. Thanks to the support of the RIF, Omia plans to:

- Increase farming input stock availability: Customers are able to access suitable farming inputs in time for the planting season.
- Stimulate demand: Omia will increase the number of demonstration gardens in the refugee settlements to motivate farmers for commercial agriculture, serve as a training and learning hub and provide marketing support.
- Market expansion: Omia will refine its business approach towards farmers with small plot sizes, making farming inputs affordable to farmers from refugee-hosting areas with less access to land.
- RIF will provide assistance to Omia on inventory management and working with refugee smallholder farmers and impact measurement and monitoring.

THE BORROWER

Omia Agribusiness (Omia) is an agricultural input company based in Arua, a region in Northern Uganda. Established in 2018, the company provides smallholder farmers with access to agricultural inputs, farming equipment (such as irrigation), and animal husbandry inputs, free training and extension services on agricultural and animal husbandry practices. In December 2022, Omia established "Omia Foods" as a farming produce off-taker and distributor for smallholder farmers in the Arua area. The company works with nearly 10'000 farmers, and disposes of crop and animal outlets in seven locations, of which four are located in refugee-hosting districts (Arua, Yumbe, Adjumani and Kiryandongo).



RATIONALE

The business focus and targeted impacts are strongly aligned to several of the RIF's impact themes:

- Access to goods and services (i.e. quality farming inputs), decent work (farming as a business), and employability (training and skills).
- Environmental sustainability: Omia promotes the use of organic fertilizers and advises farmers on integrated soil fertility to maximise yields.
- Omia's proposed market segment expansion to farmers with smaller plots will disproportionately benefit refugees and lower-income farmers as these groups tend to have smaller plot sizes. The loan's impact-linked interest rate will incentivize the company to target refugees while not excluding benefits to others.

IMPACT STRATEGY TARGETS FARMERS IN REFUGEE SETTLEMENTS

Access to agricultural inputs and services is challenging for farmers in refugee settlements with few to no agricultural service providers operating in their areas and limited training opportunities to achieve increasing farming yields. Refugee farmers must travel long distances to access farm inputs or do not use inputs, and they often struggle with inadequate technical assistance and guidance during the agricultural season. Farmers also struggle with market access for their produce and fair market prices. As a result, farmers are often left with low yields and low incomes from farming activities. Omia thus supports smallholder farmers within Uganda's West Nile sub-region - a major refugee-hosting area - with training and services to facilitate the farming business transition to increase their incomes and skills, and produce distribution.

INTEREST-LINKED IMPACT KPIS

Two Interest-linked impact KPIs were selected as key incentives towards introducing new elements in Omia's business model for the farmers' benefit. An increased number of Omia's refugee customers will increase yields and incomes in these communities, and the Interest-linked impact KPIs are targeting areas that will most effectively support refugee farmers to become long-term customers of Omia.

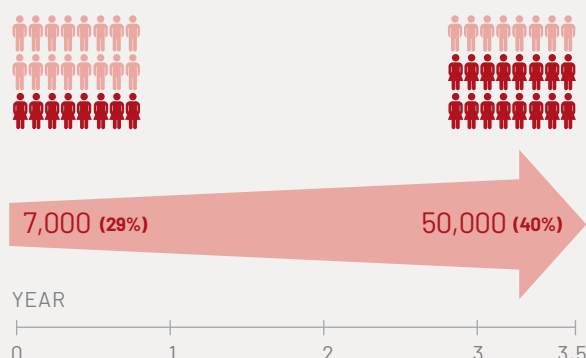
- Interest-linked impact KPI 1: number of active demonstration gardens by agents / sub-agents with agriculture and animal husbandry training in refugee hosting areas. By incentivizing and supporting Omia to set up demo sites that showcase products and provide training for both agriculture and animal husbandry in refugee areas, the company would then increase exposure of its products and services to refugee farmers and have on-site presence to offer much-needed training and support.
- Interest-linked impact KPI 2: number/percentage of customers with .25 acres or less of land for cultivation or animal husbandry. This KPI focuses on the barriers farmers with small plots face to purchase inputs that fit their plot size and enables Omia to develop an offering of a package that is cheaper and more relevant, i.e. smaller seed packages and smaller fertilizer amounts.



IMPACT AMBITION

The RIF loan to Omia is forecasted to increase opportunities for decent work and improved employability for 12,000 customers in refugee-hosting districts over a 3,5-year investment time horizon. Omia's has ambitious targets of growing its customer base from 7,800 to 50,000 farmers over the next five years, including growing its percentage of female customers from 29% to 40% as well as the percentage of customers that are small plot customers in refugee hosting areas to over 33%. Thanks to the RIF technical assistance Omia will strengthen its general ability to work with refugee farmers and monitor impact.

CUSTOMER BASE



RIF Partners

The Danish Refugee Council (DRC) is Denmark's largest, and a leading international NGO - one of the few with a specific expertise in forced displacement. In 40 countries 9,000 employees protect, advocate and build sustainable futures for refugees and other displacement-affected people and communities.

iGravity is an advisory firm specialized in impact investment and innovative finance solutions with the mission of connecting disruptive ideas, visionary people, institutions, and capital to address some of the most pressing social issues. It collaborates with NGOs, foundations, financial investors and development organisations to create positive social impact through finance mechanisms.

The RIF leverages the Danish Refugee Council's (DRC) unique understanding and footprint in refugee hosting areas as well as its networks among supportive programming partners with iGravity's global networks and partners, as well as iGravity's deep expertise in impact investment and innovative finance solutions.

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