



Merchant Square

Block B, 4th Floor

Riverside Drive

Nairobi, Kenya

info@pepeafund.com

www.pepeafund.com

Oxfam Novib partners with Goodwell investments in a EUR 20 million fund to support East African SMEs

The partnership is part of their broader vision to achieve a fair, green, inclusive future

30 March 2023, Nairobi, Kenya – Oxfam Novib and Goodwell Investments are proud to announce a new EUR 20 million fund.

The fund, dubbed Pepea, is supporting early-stage growth companies in East Africa by addressing the ‘missing middle’, investing in businesses that are still struggling to secure finance from banks and investments funds to accelerate growth. Aimed at small- and medium enterprises (SMEs) with high impact potential, the fund will reflect the meaning of its Swahili namesake to help young companies ‘take off’ and ‘flourish’ while contributing to a greener, fairer, and more inclusive society.

An innovative partnership in the financing space

Oxfam Novib and Goodwell both have a long history of supporting impact-driven SMEs. The two organisations are now joining forces to leverage each other's strengths, in an initiative that represents one of the few occasions where an NGO and impact investing firm are collaborating on an investment programme for SMEs.

Oxfam Novib has been actively investing in impact for almost 30 years, and launched their first investment fund in 1996. Since 2015, the organisation has been improving SME's access to finance through their Impact SME Development (iSME) Programme. With Pepea, they are furthering this mission by making EUR 20 million available for investment in Kenya, Uganda, and Ethiopia, allowing growing businesses to maximise their positive impact within their community and the wider region.

According to Tamara Campero, Investment manager at Oxfam Novib, “Oxfam Novib played a sterling role in developing the microfinance sector as a means to provide access to financial services where they were most needed. As that sector has matured beyond the realm of NGOs, we are ready to change direction toward a less-served segment of the market. We acknowledge the challenges of SMEs in the region (especially those that are women-owned) to access fine-tuned patient capital and we now want to play a role to address with that needs.”

Goodwell Investments is a natural partner for Oxfam Novib in this endeavour and will manage Pepea's day-to-day operations. Goodwell will support the success of the fund and development of the portfolio with their experienced local investment managers, the potential for follow-on investments from other Goodwell funds, and most importantly, a shared mission to create positive impact. Oxfam Novib and Goodwell are both actively involved in setting and monitoring the fund's strategic course.

Focusing on fair, green, inclusive impact

This new fund focuses primarily on the sustainable agriculture, energy, clean mobility and logistics, and waste management sectors. These industries produce many of the basic goods and services that represent a huge proportion of household spending for lower-income communities. To improve the quality and affordability of these essentials, Pepea is targeting SMEs that drive the growth of a greener, fairer, and more gender inclusive 'human economy' that serves the needs of society while respecting the planet.

The fund has concrete impact targets to guide the investment strategy, including expanding the involvement of female stakeholders across the value chain, creating new jobs, reducing greenhouse gas emissions, and providing fairer wages. Pepea will also directly contribute to UN's Sustainable Development Goals for climate action and gender equality, and indirectly contribute to many more.

In addition to their own impact and ESG reporting, the fund is taking unprecedented steps to gather impact feedback from the target audience with a 'sounding board'. Made up of representatives from SMEs as well as their end users, it will ensure that Pepea's fund managers take the voice of the community into account to improve impact performance and better identify unaddressed needs.

Structured to benefit female stakeholders

The fund's focus on inclusion also makes it an ideal conduit to expand both Oxfam Novib and Goodwell's approach to gender-lens investing. In recent years, it has become clear how important female entrepreneurs are to the African economy – one in four businesses on the continent are started by women. Yet they often face greater challenges accessing financing.

Pepea offers an exciting opportunity to take concrete action on gender equality by investing in women working in impact SMEs. By using innovative venture debt structures, with a focus on mezzanine finance, the investment instruments were specifically designed to better encompass the needs of female entrepreneurs and stakeholders.

Els Boerhof, Managing Partner at Goodwell Investments commented, *“Goodwell is always looking for innovative ways to better serve the needs of SMEs, and we're extremely pleased to have the opportunity to do so with one of the most professional, critical NGOs in the impact sector. There are so many synergies between our organisations, and I'm convinced that together, we can set higher standards in the impact investing space.”*

Investment process is now underway

Pepea kicked off with a celebratory launch event in Nairobi on 30 March, bringing together the Oxfam Novib and Goodwell Investment teams, as well as contacts from their East African network. During the event representatives from both companies took to the stage to share the background and ambitions for the fund.

Both parties are excited to be embarking on this journey together, and look forward to uplifting the next generation of entrepreneurs with funding from Pepea. More information, including how to apply for funding, will be available at www.pepeafund.com as of next week.

###



Note to the editor

For more information and to request an interview, please contact:

Nico Blaauw, Goodwell Investor Relations and Marketing Communications Director
nico@goodwell.nl

About Oxfam Novib

Oxfam Novib stands behind the people who stand up for equality. Together, we fight for a world where everyone has equal opportunities, regardless of gender, ethnicity or skin color. A world where everyone feels safe; where income gaps are shrinking instead of growing, where climate change is tackled in a firmer and more honest way.

Learn more at www.oxfamnovib.nl

About Goodwell Investments

Goodwell Investments is a pioneering impact investment firm focused on inclusive growth in sectors providing basic goods and services and income generation opportunities to underserved communities in Africa and India. The firm provides early-stage equity to high growth, high impact businesses. With teams in Kenya, Nigeria, South Africa and the Netherlands and a track record of over fifteen years, Goodwell demonstrates the ability to simultaneously deliver significant social impact and strong financial returns.

Learn more at www.goodwell.nl

