



VENTURES

MERCY CORPS VENTURES

2023 Annual Impact Report

CATALYZING CLIMATE RESILIENCE INNOVATION

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MCV By The Numbers

48  **PORTFOLIO COMPANIES**

90  **COUNTRIES GLOBALLY**

15 **PILOTS**
235 **POST-INVESTMENT SUPPORT ENGAGEMENTS**

48% 

OF OUR PORTFOLIO HAS AT LEAST 1 FEMALE CO-FOUNDER

52% 

OF OUR PORTFOLIO HAS AT LEAST 1 PROXIMATE CO-FOUNDER*


\$6.8M
TOTAL INVESTED


\$467M 
CO-INVESTMENT & FOLLOW-ON FINANCING RAISED

20.5M 
CUSTOMERS SERVED WITH IMPACTFUL PRODUCTS & SERVICES

2023 IMPACT

 **7**
Investments

 **3**
Pilots Launched

 **30**
Post-investment support engagements

 **\$59M**
Co-Investment & follow-on funding raised

 **5M**
customers served with impactful products & services

 **2.2M+**
of whom are women and smallholder farmers

 **\$13.4M**
increase in income and property value

 **\$212.6M**
in financing provided to small businesses or individuals

* MCV measures two dimensions of proximity: (1) Geography - if founder (or at least 1 co-founder) is born, raised, and/or lives in the region where the company operates and (2) Lived Experience - if founder (or at least 1 co-founder) has direct lived experience with the problem that their startup is solving. Based on this definition, 52% of MCV's portfolio as of December 31, 2023 has at least one proximate founder/co-founder.

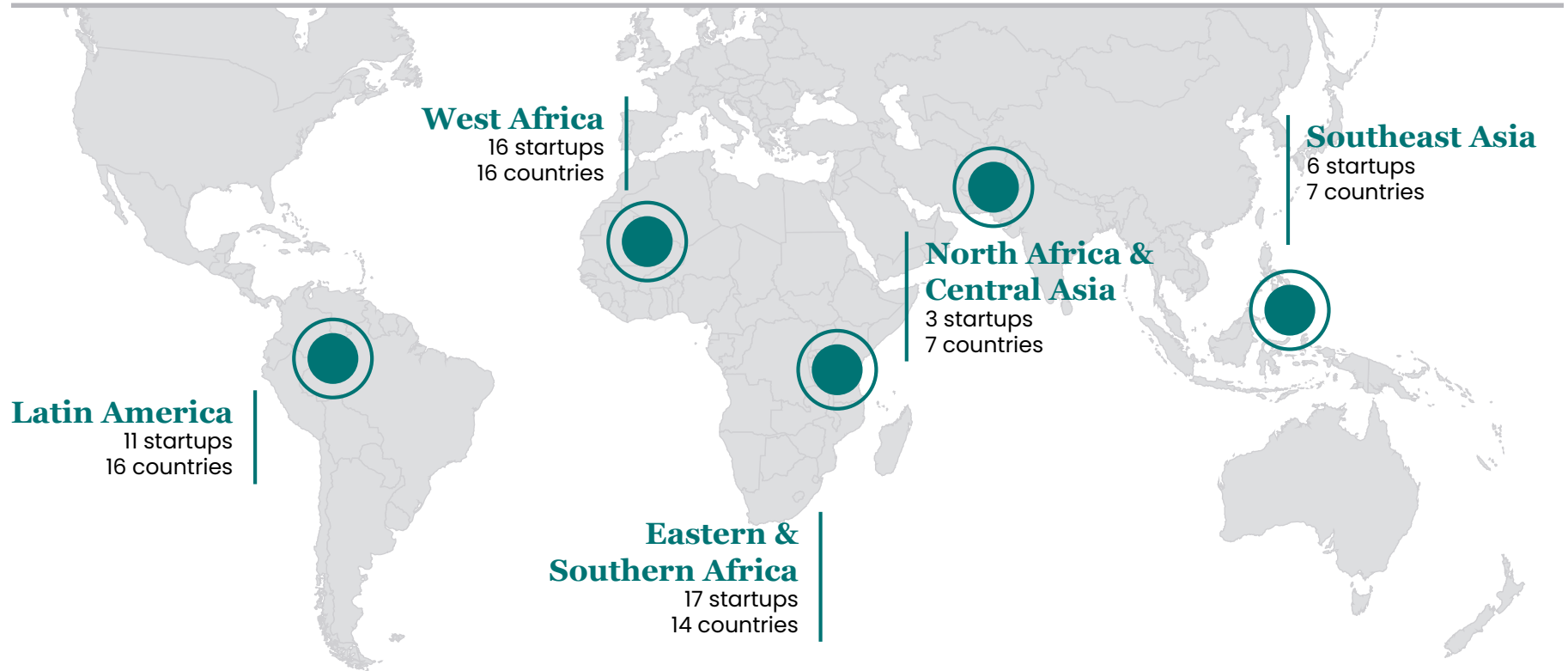


We have a truly global portfolio

90 Countries with end users, including...

24 of the Least Developed Countries*, and...

30 of the most climate-vulnerable countries**



* per the UN taxonomy: <https://www.un.org/development/desa/dpad/least-developed-country-category.html>

** per the University of Notre Dame's Global Adaptation Initiative: <https://gain.nd.edu/our-work/country-index/rankings/>



Welcome Letter

The past year pushed us to think — and act — outside the box.

It was the warmest year in recorded history, and we continued to see communities living in emerging markets disproportionately affected by the changing climate. Historic flooding in Libya, multiple consecutive seasons of drought in the Horn of Africa, and record-breaking cyclones and hurricanes in East Africa and Mexico are only a few of the climate disaster headlines that punctuated the year.

Yet 2023 was also a year of great momentum toward evolution. Significant tailwinds emerged to propel us forward in our ability to combat and adapt to climate change, and an increasing number of entrepreneurs stepped up to develop high-impact technologies and climate resilient solutions that will be at the forefront of this transition.

We believe these entrepreneurs are uniquely capable of driving us forward in our fight against climate change, so we doubled down on our role as catalysts for increasing climate finance flows to adaptation innovation in emerging markets. We worked to further crystalize our Resilient Future Thesis, and through our Investment and Venture Lab vehicles we continued to build out various modalities for engagement across the capital spectrum, focusing on climate and financial resilience. This continued expansion of our work included the addition of seven new investments to our portfolio and the launch of three new pilots. We also deepened our years-long track record investing in climate resilience solutions, now 48 companies and growing, and leveraged this expertise to integrate climate resilience into our other key functions: our Venture Platform, Venture Lab, and Impact Measurement and Management.

We welcomed six new team members across the markets where our portfolio and partners work (Timo in Uganda, Tobi in Nigeria, Hope and Doreen in Kenya, Astrid in Colombia, and Sandra in Bangladesh), all the while deepening our commitment to our journey toward greater diversity, equity, and inclusion and to culture building as a global remote team.

In this report we share more about the exciting developments across our Investment, Venture Platform, Venture Lab, Impact Measurement and Management, and Insights functions. We also highlight our fails and lessons learned, as well as what's to come in the year ahead.

With gratitude for your ongoing partnership and support,

The Mercy Corps Ventures Team



Climate Resilience Approach

The past year pushed us to think — and act — outside the box.

Climate resilience has been key to our investment thesis since 2015, and we continued to build on and expand this portfolio with seven new investments in 2023. Additionally, a number of existing portfolio companies continued to grow, established new partnerships, and impacted millions of climate-vulnerable people and communities around the world. In response to the groundbreaking European Union Deforestation Regulation (EUDR), **Meridia** joined forces with the Intercontinental Exchange, Inc. (ICE) to [launch a commodity traceability service](#), through which all commodities entering the EU, including coffee and cocoa, will be verified to ensure compliance. [Pula reached 9.6 million farmers](#) across 22 countries with “game-changing” digital insurance, and [Floodbase secured key partnerships](#) to develop parametric flood insurance products in climate-vulnerable markets across the globe.

Through the years and numerous investments into climate adaptation, we have developed a unique and nuanced approach to supporting innovation in this space. First, we focus not just on **climate-related risks, but also on climate-related opportunities** — climate change is altering markets and creating new opportunities to be leveraged across product development, market expansion, and customer acquisition.



VEGA / 2022

Second, we believe that a variety of modalities and capital vehicles will be required to support climate adaptation innovation to grow and scale, which is why we’re leveraging our expertise and **embedding a climate resilience lens across all areas of our work** — into our Venture Platform, Venture Lab, Impact Measurement and Management (IMM), and Insights approaches.



In 2023, our Venture Platform team interviewed numerous portfolio companies to better understand the climate-related challenges they face and how we might adapt our post-investment support offerings to address them. Based on that feedback, we developed a **first-of-its-kind Climate Risk Assessment tool for early-stage ventures** to help founders understand the climate-related risks and opportunities facing their company, analyze risk levels based on likelihood and severity, and develop strategies to mitigate risks and leverage opportunities.

Our Venture Lab team launched a **series of new innovation pilots** focused on [nature-based solutions and carbon markets](#) in Sumatra, Indonesia as well as [anticipatory cash transfers for climate disasters](#) and [regenerative agriculture in the Horn of Africa](#). We also launched our first-ever **Climate Tech Facility to build the evidence base for cutting-edge and innovative technologies** for climate resilience in emerging markets.

Under our IMM function, we developed a **first-of-its-kind climate adaptation and resilience (CAR) framework that is right-fit to pre-seed and seed stage ventures** to improve our understanding and analysis of the potential CAR impact of the investment opportunities in our pipeline (see the [IMM section](#) below for more detail). We were also active participants in the [GIIN's IRIS+ Climate Adaptation and Resilience working group](#) in an effort to help build IMM best practices across the industry.

Climate resilience was the focus of our Insights function as well. Sharing our insights, successes, and failures is a critical part of our strategy in catalyzing more innovation and financing into climate adaptation solutions. In 2023, we

“Climate change is having different effects in different segments of our customer base, and fortunately, we’re able to be working with partners like MCV to help build this theory of change. How are we improving the lives of our customers, and where are they facing challenges or having direct impact? For some of our customer segments that will be directly through climate change.

- Brian Dempsey, CEO, Power





KUUNDA / 2022

launched the research phase of our Insights Series focused on the role of data as it applies to climate resilience innovation. Through our research, we explored **our hypothesis that new or existing data sources can be applied to enable, understand, or improve climate resilience** for underserved users in emerging markets. This Insights work will continue to deepen our collective understanding of the trends, drivers,

and opportunities in the space – and thus accelerate action and impact at scale. Keep an eye out for the public launch of our Insights Series in early 2024!

All of these developments and learnings are fueling us forward. It's been encouraging to see numerous funds begin to incorporate climate resilience into their investment theses. We're eager to continue paving the way toward more innovative solutions, and we believe that **the expanded focus on climate resilience into other support and capital modalities will be absolutely and increasingly paramount** to our collective efforts to fight climate change.

Approach: Investments

Despite the complex state of the market, we still made seven new investments in 2023. And with each of those investments, we continued to push the boundaries of innovation, exploring and further defining areas of our [investment thesis](#). We also ventured into several new areas – e-mobility, internet connectivity, and aquaculture – and continued expanding our footprint in Francophone Africa.

Multiple trends dictated the approach for our Investment team this past year. First, the continued tightening of capital markets across nearly every indicator shaped how we deployed capital. Many of our peers and later-stage funds took a pause on investing to wait out the potential economic downturn. This meant we saw a smaller pool of qualified deals, fundraising rounds were slower to close, and portfolio companies struggled to raise. However, we believe that a downturn is the most important time to discover and support high-impact solutions. As such, our Investment team carried forth with deploying capital into



exciting new ventures while doubling down on support to our existing portfolio.

When looking for new investments, these realities required us to double down on the rigor and efficiency of our screening processes. During periods of capital tightening, it is especially important for us to determine that our “must haves” are met in areas such as governance and financial management, and that a path to high growth, large impact, and profitability is clear. In 2023, we continued to strive to make our investment decisions more efficient, by quickly and clearly responding to potential investments if they weren’t a good fit in an effort to protect and respect founders’ time.

Post-investment, we adjusted our approach to portfolio management in response to the market pullback, encouraging companies to practice good business hygiene including regular investor communications, strong governance structure, and data-driven decision making.

Through it all, our focus on climate adaptation and resilience held strong, and we made some concrete changes to help fortify this focus. As more climate startups started cropping up in reaction to the growing excitement about climate solutions, we adapted where we sourced deals from and how we screened them. We spent more time talking with climate-specific accelerators, incubators, and co-investors. As momentum and funding for climate solutions increases, more companies are looking to be “labeled” as a climate solution — so when new deals came across our desks in 2023, we were intentional about assessing the climate resilience fit early on in our screening process, in addition to analyzing end user need and impact, and the problem being solved.

“We certainly don’t gloss over the complexity, pessimism, and constraints facing startup founders as we enter 2024. However, we firmly believe that the current market conditions are creating more resilient, thoughtful, and climate-centric startups. We urgently need to invest in climate adaptation now – the longer we delay, the higher the financial and environmental costs. Our role at MCV is to lean into risk across our capital vehicles and send a signal to the wider capital markets that a positive, climate-sensitive future is both possible and necessary.”

**- Tim Rann, Senior Managing Partner,
Mercy Corps Ventures**



Recent Investments

Here's a look at the seven new investments that we welcomed into our portfolio in 2023.



[Kofa](#) | Inclusive Fintech; Climate Smart Technologies | Ghana

[Why We Invested: Kofa](#)

Kofa is on a mission to create an affordable, sustainable, and customer-driven electricity network using portable batteries and a network of swapping stations for multiple use cases, starting from mobility with an electric motorcycle. Their end goal is to transition mobility and other energy usage away from fossil fuels in a manner that is adapted to the realities of weather, roads, and economies in Africa.



[Fibrizo](#) | Climate Smart Technologies | Argentina, Colombia

[Why We Invested: Fibrizo](#)

Fibrizo is an internet service provider focused on closing the connectivity gap for the 15% of the urban population living in underserved barrios in Latin America. Fibrizo provides low-cost fiber internet to profitably reach and service low-income groups via a customer-centric, pay-as-you-go model for high-speed internet plans designed to meet user needs.



[Power](#) | Inclusive Fintech | Kenya

[Why We Invested: Power](#)

Power is a digital financial services platform for employers and their workforce providing earned wage advances, savings, loans, insurance, and personal financial management solutions. Power's solution is a proprietary mobile app for employees and workers, a workforce and deduction management system for employers, and a digital core banking engine connecting into regulated financial service providers.



[Bitmama](#) | Inclusive Fintech | Nigeria

[Why We Invested: Bitmama](#)

Bitmama powers cross-border payments for emerging markets. Their range of web and mobile-based products powered by blockchain technology cater to a fast-growing base of businesses and individuals globally for payments, remittance, FX and crypto on/off ramping.





Tappi | Inclusive Fintech
| Kenya, Nigeria

[Why We Invested: Tappi](#)

Tappi provides the tools and rails for small and medium-sized enterprises (SMEs) to increase sales, income, retain customers, and build long-term financial well-being. Tappi's software-as-a-service platform includes a user-facing app to help businesses create an online profile, connect mobile money wallets, access advertising channels, accept online and offline payments, and generate a customer relationship management (CRM) platform to track customers.



Aquarech | Adaptive Agriculture & Food Systems | Kenya

[Why We Invested: Aquarech](#)

Aquarech is the first 'digital aquaculture' platform aggregating all key players in the value chain: small independent fish farmers, feed manufacturers, and fish buyers. Operating in Kenya, their platform tracks the journey from fish feeding to sales, including feed loans and logistics to service even the most remote farms.



Tolbi | Adaptive Agriculture & Food Systems | Senegal

[Why We Invested: Tolbi](#)

Tolbi is a data-driven agriculture platform for optimizing food production and anticipating the production levels, challenges, and shortages in each target crop for off-takers, financial service providers, carbon credit projects, and governments. The company collects data from farm-level sensors and satellites, processes the data through in-house agronomy models based on the crop type, and then returns daily production recommendations to farmers.



Venture Platform

To ensure our portfolio companies achieve impact at scale, our [Venture Platform](#) provides a suite of support services beyond capital investment. This includes structured engagements, bespoke advisory services, partnerships, and knowledge generation. These services are intentionally designed to address the specific needs and risks of the types of companies we invest in – high-impact, early-stage, and operating in emerging markets – and focus on enabling impact-driven business growth.

IMPACT-DRIVEN BUSINESS GROWTH			
1 IMPACT	2 PRODUCT	3 FUNDRAISING	4 LEADERSHIP
<p>We provide support to understand, measure, scale and communicate your impact:</p> <ul style="list-style-type: none"> • Theory of Change • Performance Metrics • ESG & Risk Management • Impact narrative • Climate* 	<p>We provide support to help you reach product-market fit:</p> <ul style="list-style-type: none"> • Customer insights • Customer feedback loops* • Product development* 	<p>We help you prepare and navigate your next financing round:</p> <ul style="list-style-type: none"> • Growth plan • Financial modeling • Financial systems • Deck • Investor intros 	<p>We want to help you grow as a leader:</p> <ul style="list-style-type: none"> • Founder coaching • Networks and introductions • DEI and culture* <p style="text-align: right;">*currently testing</p>

VENTURE PLATFORM | 2023 BY THE NUMBERS

30 

TOTAL ENGAGEMENTS COMPLETED

15 

PORTFOLIO COMPANIES SUPPORTED

 9.4/10

AVERAGE NPS SCORE
(Average score of VC Platform = 7
Data from VC Platform Global Community)

Within our Venture Platform support for our portfolio in 2023, we observed greater awareness of impact measurement and management and higher demand for support in this area (over %60 year-on-year increase in requests for IMM support). We suspect this increased demand can be partly attributed to broader global



recognition of the power of business for achieving impact at scale. As such, founders want to be able to understand if their solutions are actually moving the needle on impact.

Another potential explanation of the increased demand for IMM support is that as traditional venture capital pulled back in 2023, impact investment capital remained. If founders want to raise from impact investors, they need to know how to speak their language, which requires a robust, multi-dimensional analysis of their business' impact beyond just high-level numbers.

We also observed a growing need for founders to have a strong and broad support network behind them – not just support for fundraising. Partnerships around business development, market expansion, and product testing and development sprints are becoming increasingly important for success at scale, and many companies requested support in growing their networks in these areas in 2023.

Unsurprisingly, trust was essential for portfolio companies to engage with our Venture Platform, which reaffirms that we must establish (and maintain) strong relationships and demonstrate how we can add tangible and real value in order for our companies to leverage these services. As we built out a number of new Venture Platform support offerings this year, we maintained our core design



PULA / 2021

principle of listening to our founders. We asked for feedback after engagements, we heard their needs, and we iterated in partnership with stakeholders to improve support engagements.

Read on to learn more about three new Venture Platform offerings and this year's highlights.



CINCH / 2022



New Offerings

1. Tech Stack

As our portfolio grows, we recognize the need for more scalable Platform offerings, providing easy-to-use, self-help resources and support alongside our deeper tailored engagements. In 2023, we launched several tech initiatives which aim to provide some of this scale. [Find out more here.](#)



AGRIAKU /2022

2. Governance

We know from our work with very early-stage startups, having gone deep into the due diligence with hundreds of companies, that many founders struggle to put in place right-fit, governance structures to set their businesses up for success. Following requests for board advice from portfolio companies, we decided to put our experience into practice and build a “Governance 101” toolkit that outlines best practice for startups at this early stage.

The toolkit contains key principles and templates (e.g. founders’ agreement, board of advisor agreement, outline of slides for a board meeting) and can be used by founders on their own. Explore our light-touch toolkit [here.](#)

3. Climate Venture Platform

The experience and understanding we have gained through our investments in climate adaptation and resilience over the years has challenged us to expand this focus into our other functions — including our Venture Platform. In 2023, we set out to explore the possibility of climate-specific support offerings. Following in-depth interviews with portfolio companies and ecosystem partners in 2022, we identified three opportunities for climate-related post-investment support:



TELIMAN /2022



- 1. There is a need for startups across all sectors to get ahead of the curve** and embed a climate lens into their business. Of the companies we interviewed, those that are not specifically tied to climate, environment, or natural resources did not initially see climate risk or opportunity as a key priority at their stage of growth. However, [findings](#) suggest that businesses and their final users will be impacted by climate change one way or another in the coming years.
- 2. There is a need for a right-sized, context-specific climate risk and opportunity assessment tool** for early-stage, emerging market startups, and few post-investment support organizations and teams are exploring what this could look like.
- 3. There is a need to support startups in understanding what climate resilience means**, how their business can drive it, how to measure their impact, and how to tell their story in order to access climate-related funding.



UMOJA LABS /2022

On the back of this research, we developed a **Climate Risk Assessment** that aims to support companies in identifying and analyzing both their risks and opportunities related to the changing climate. We'd like to express our sincere thanks to several of our portfolio companies for their time in testing this tool, and look forward to sharing more with the wider ecosystem in the

coming months. Find out more about how we are developing our [Climate Venture Platform here](#). We are looking forward to continuing this work in 2024, collaborating with our portfolio companies, and sharing our progress as we go.





As [Stable Foods](#) expanded their operations and their team in the first six months after our investment, it was vital for them to put in place robust accounting processes and financial models and to build strong foundations for ongoing growth. We supported them in reviewing their accounting processes, defining key performance indicators (KPIs), creating robust reporting systems, and implementing best-in-class accounting systems.

This seven-week engagement was not only efficient but also hugely effective, as together we established clear processes for the growing accounting team to take forward as the company continues to expand.

“The support from MCV was friendly, quick, helpful, proactive, and responsive. We could have contracted someone locally, but [this] expertise I think would still have been difficult to find. The only thing worse than having no support is having support that isn’t helpful... This is the opposite. It will be our financial guide for the next two years.”

- Andrew Massaro, CEO, Stable Foods



STABLE FOODS /2023



“I think [the Customer Support Strategy] looks really good and spells out specific actions to be taken at each point, as well as their outcomes. Implementing this will be relatively simple and straightforward to achieve immediate positive results and improvement.”

- Lisa Oppong, Customer Service Manager, Complete Farmer



COMPLETE FARMER /2022



PHOTO: MERCY CORPS



The [Complete Farmer](#) team approached us to help build the foundations of a strong customer service strategy to assist them in prioritizing and providing high-quality support to their customers. Leveraging available data from current customer support channels, we identified trends in customer needs and pinpointed how they prefer to contact the company. We reviewed the team’s existing processes and built a strategy to improve the customer experience in a number of important ways, including the standardization of key processes (i.e. outlining sample scripts and process flows on how to record different issues, manage escalation, and more). We supplemented the strategy with an implementation plan for picking the “lowest-hanging fruit” — actions that could be taken quickly and easily to improve the customer experience.



As they continue to scale their affordable insurance products to new markets, [Turaco](#) is recognizing ways in which climate-related shocks might affect their customers and impact their business. Together we integrated a climate and gender lens into their existing theory of change to ensure that the link between their product and climate resilience was as clear as possible, and that the link to the impact on women was defined.

Following our engagement, the Turaco team was able to use our work for a grant proposal and for an investor presentation. Even more importantly, our work helped Turaco to deepen their own understanding of the various climate-related risks and opportunities that are relevant to their insurance business.

“Thanks again for your thought partnership. Really valuable feedback — thank you!”

- Rachel Levenson, Head of Commercial, Turaco



TURACO /2022



Impact Measurement & Management

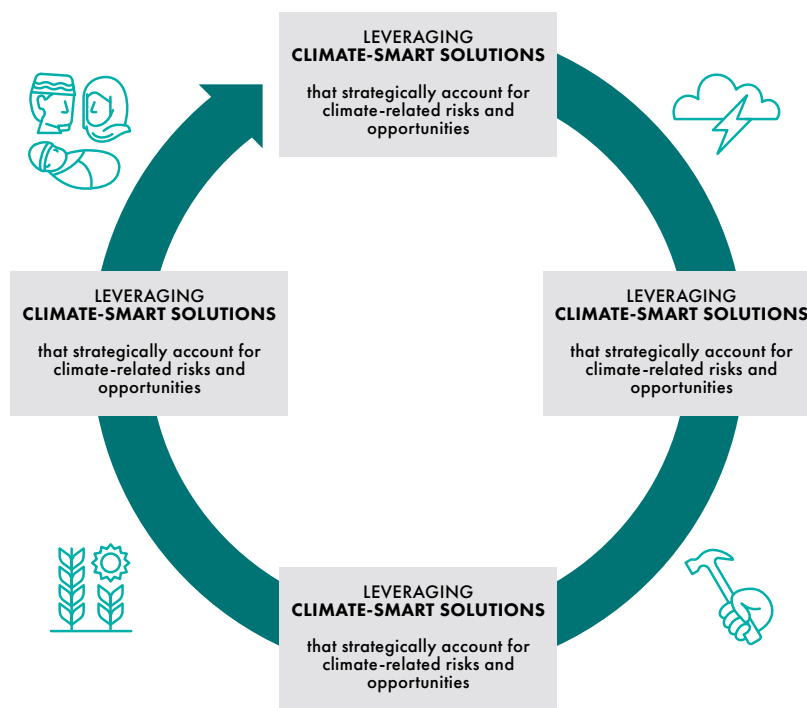
Our in-house Impact Measurement and Management (IMM) function is unique in that we build the right-fit approaches for early-stage ventures in emerging markets – and we integrate IMM throughout the entire investment lifecycle.

In 2023, we drew on our [Resilient Future Thesis](#) to refresh our impact strategy and refine our IMM framework in line with the [Operating Principles for Impact Management](#), and took an extra step to have our framework validated by external experts.

IMPACT MEASUREMENT & MANAGEMENT | 2023 BY THE NUMBERS



We also developed our **first-ever climate adaptation and resilience (CAR) framework** to right-fit emerging standards to pre-seed and seed stage ventures. This framework helps us to be able to more holistically understand and analyze the potential CAR impact of each of the companies we screen and consider for investment. Since there is not



a universal definition or metric for climate resilience (take a look at our [Fails & Lessons Learned #3](#)), we've realized that we need to evaluate the specific route to climate impact for any given potential investment opportunity.

Stages of Climate Resilience Impact

Products and services that...



PREPARE

...enhance knowledge and understanding about climate-related risks and opportunities and/or improve adaptive capacity, including financial capacity, to i) accurately identify, assess, and anticipate risks, ii) support informed decision-making and planning, iii) enable preparedness and early action.



ADAPT

...avoid, mitigate, manage, or transfer climate-related risks to reduce the negative impacts and/or leverage beneficial opportunities from positive impacts.



RECOVER

...enable a fast and efficient return to the same, or an improved, pre-disaster state in a manner that reduces chronic vulnerability to future shocks and stresses via improved adaptive capacity and/or reduced exposure/sensitivity.

Our new CAR framework is also important for helping us meet early-stage companies where they are on their climate journeys. For instance, post-investment, rather than requiring our portfolio companies to report on a laundry list of standard climate metrics, we help teams develop their own [theory of change and identify metrics](#) that match their specific solution and customer base.

As we continue to learn and grow our IMM function, we're committed to sharing our unique approach and IMM-specific thought leadership, and to collaboratively engaging in broader industry discussions around CAR IMM. In 2023, this included active participation in the GIIN's IRIS+ AClima Adaptation and Resilience working group and presentations of our CAR framework at the ANDE Annual Conference (alongside our partner 60 Decibels) and the ANDE Metrics from the Ground Up Conference.

Here's a glance at our year in numbers, along with a few case studies that highlight some of our latest efforts to help our portfolio companies strengthen their impact performance.



CASE STUDY | LEVERAGING IMPACT MANAGEMENT TOOLS FOR CLIMATE RESILIENCE WITH VERQOR



When we first invested in [Verqor](#) in mid-2022, their main priority was to reach more farmers to enable sustainable agricultural growth. As Verqor onboarded new farmers and diversified their product offerings, they wanted to update their theory of change to better define their evolving route to impact and refresh their KPIs to ensure they could measure (and subsequently maximize) their impact.

Over the course of six months, we supported Verqor to:

- Embed environmental impact into their theory of change.
- Develop a set of mission-aligned KPIs to intentionally measure both the company's business and impact performance.
- Design a farmer survey as part of Verqor's customer feedback loops.
- Develop their first-ever [annual impact report](#).



Explore the farmer survey results and key learnings [here](#).



VERQOR /2022



CASE STUDY | STRENGTHENING POWER'S FINANCIAL INCLUSION WITH IMM FRAMEWORKS



[Power](#) is a holistic digital financial services platform that offers underserved formal and informal workers a solution to build long-term financial well-being. As Power continued to expand its product bundle, they were keen to better understand how each product was uniquely meeting their customers' needs and how customers were progressing from one product to another on their individual financial wellness journeys. They were also interested in integrating social impact metrics into their top-level business performance dashboard.

Over the course of three months, we supported Power to:

- Develop a theory of change for their overall business model.
- Define KPIs for each of their products.
- Design a process for collecting customer feedback on a regular basis.

“With no experience in impact measurement, the Impact Measurement and Management Engagement exercise was intimidating at first. After several meetings with the Mercy Corps Ventures team, I was able to digest the content to the extent that I was now the one updating our management team on topics like the theory of change. We were able to conclude with our theory of change as well as priority KPIs that we will continue building on going forward. We are forever grateful to the Mercy Corps Ventures team for their support. If it weren't for them I would have had a tough time knowing where to start.”

- Lawrence Kamau, Vice President of Finance, Power



PHOTO: MERCY CORPS

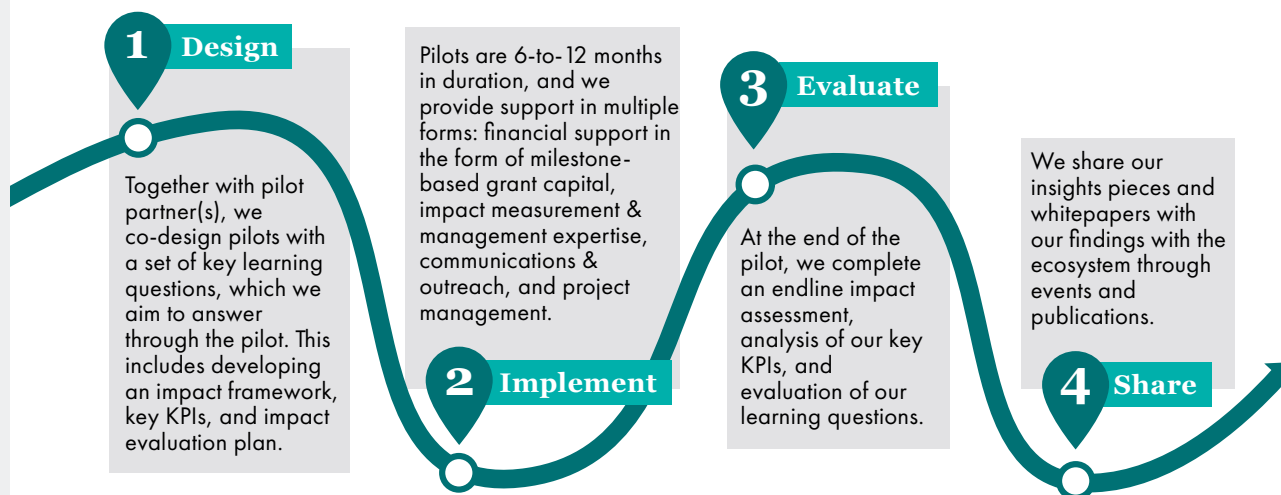


Approach: Venture Lab

Our Venture Lab is the leading innovation lab for testing cutting-edge technologies for underserved users in emerging markets. Our mandate is to build a body of evidence for the wider ecosystem, to share this evidence with potential funders and innovators, and to eventually crowd-in additional capital and builders to grow and scale the most high-impact solutions.

Emerging technologies, such as AI/ML, high-fidelity satellite data, web3, and IoT-enabled assets, could transform climate and financial resilience in the coming decade. However, the adoption of these technologies by end users, innovators, and other actors is not occurring at the rate needed to confront the climate crisis and other urgent challenges. This is where our Venture Lab comes in – to test these technologies that are high potential for impact, but still unproven. We collaborate with startups to pilot innovative applications of their emerging technologies with a goal of rigorously testing, evaluating, analyzing, and sharing their potential impact.

We see our Venture Lab as essential and complementary to our work as investors, allowing us to work with and accelerate innovations across the capital spectrum while building our own understanding of new and emerging technologies.



To date, we have designed and launched 15 pilots across eight countries alongside our startup partners, transparently sharing our learnings and insights along the way to help build the global evidence base on the potential of innovative technological solutions.



VENTURE LAB | 2023 BY THE NUMBERS

2 

INNOVATION FUNDS
LAUNCHED

3 

NEW PILOTS
LAUNCHED

\$325K

IN FUNDING FOR PILOT PARTNERS

In 2023, we kicked off three new pilots and continued the implementation, learning, and insights sharing for numerous others.

We started the year with the launch of our second [Crypto for Good Fund \(C4G2\)](#), a chain-agnostic initiative to support and encourage web3 solutions that drive value and impact for underserved people living in emerging markets. After receiving an impressive 200 applications across 50 countries, we selected five winners and published a [groundbreaking landscape report](#) based on the proposals, detailing for the very first time the array of existing emerging markets web3 solutions, use cases, and the chains they're building on.

In September, our Venture Lab launched our [first-ever Climate Tech Facility](#) to test innovative technologies for climate resilience. We received over 400 applications from potential partners and published a similar [landscape report on innovative technologies](#) being tested in emerging markets. The launch of the Climate Tech Facility was a key step in more holistically incorporating climate resilience into our Venture Lab. This call for proposals served as an opportunity to better understand the rapid pace of innovation in climate-smart technologies, and to learn about the most promising solutions in the sector.

We also worked with existing partners and C4G2 winners to think about if and how there may be a climate resilience impact embedded in their use cases. For example, we were in the process of designing a pilot with Quipu to unlock affordable credit for informal micro, small, and medium-sized enterprises (MSMEs) in Colombia. [From our Insights Series in 2022](#), we found that MSMEs are already being impacted by climate change in a number of ways, which led us to wonder if there might be a climate resilience impact for Quipu's pilot. Our Venture Lab explored this possibility with the Quipu team; they were new to understanding climate impact and resilience for the MSMEs they serve, and they were excited to work with us to build this into the [hypotheses and learning questions for the pilot](#).

In both calls for proposals, for C4G2 and our Climate Tech Facility, our Venture Lab team saw clearly the impact and influence of the macro-economic downturn. The



bear market left only the most committed and focused entrepreneurs standing – evident in the significantly higher-quality applications we received in our 2023 calls for proposals in comparison to those run in 2022 during the height of the bull market.

Additionally, the prolonged bear market has meant capital flight from riskier asset classes, like web3 and emerging markets, making it more difficult for our



MERIDIA /2023

pilot partners to raise additional capital and continue to grow, scale, and operate during this period. As a knock-on effect, some of our pilot partners experienced significant interruptions and delays in pilot execution. To address this, we learned in 2023 that when we design our pilots, we need to be considerate of the macro-environment and any specific risks

or opportunities it may pose. Pilots from C4G2 were more tightly scoped, and we placed a greater emphasis on partner maturity and traction in our selection process. This allowed us to more quickly and successfully generate insights to share back with the wider ecosystem, ultimately building a more responsive feedback loop.

Here are snapshots of our new pilots in 2023, each of them pushing the envelope in building resilience where it's needed most.



2023 PILOTS LAUNCHED

Anticipatory Cash Transfers for Climate Shocks in the Horn of Africa

PILOT PARTNERS:



MERCY CORPS /2023



FARM STAR /2023

Driving Adoption of Regenerative Agriculture with Web3-enabled Reward Tokens in Kenya

PILOT PARTNER:



Unlocking DeFi Loans for Informal Micro-Enterprises in Colombia

PILOT PARTNER:



QUIPU /2023

[Explore All Pilots >](#)



PILOT HIGHLIGHT | STABLECOIN BUY-NOW-PAY-LATER PRODUCTS FOR INFORMAL VENDORS

SympliFi



KWANZA TUKULE /2022

From July 2022 through September 2023, [we implemented a pilot](#) with [SympliFi](#) and [Kwanza Tukule](#), testing one use case of DeFi-enabled lending products. We worked to provide a Buy-Now-Pay-Later (BNPL) solution for informal vendors in Nairobi, Kenya, giving them access to inventory financing. From a user perspective, the pilot produced positive results in purchasing power, boosted first-time access to credit, and led to a noticeable reduction in stress among vendors.

Key findings:

- **User behavior:** Of the 288 eligible vendors, %87 used a BNPL product at least once, with an average usage of 11 times per month.
- **Business growth:** After accessing the BNPL product, %78 of vendors reported a business expansion.
- **Product diversification:** %20 of vendors used their increased purchasing power to diversify their products.

Explore the full insights report [here](#).

PILOT HIGHLIGHTS

5,593

BNPL PRODUCTS PROVIDED

75%



CUSTOMERS SATISFIED WITH THE PRODUCT



7/10

BUSINESSES EXPANDED THANKS TO BNPL



\$244,451

US \$ DISBURSED VIA BNPL PRODUCTS



77%

FIRST-TIME USE OF CREDIT OR INVENTORY FINANCING PRODUCTS

“When I had the product, my life was better. My business was growing. I was less stressed.”

PILOT PARTICIPANT
NAIROBI, KENYA



Insights & Thought Leadership

Accelerating access to climate resilience solutions for the over 4 billion people estimated to be vulnerable to climate change is an audacious and lofty goal, as is closing the \$340 billion per year climate adaptation funding gap for emerging markets. We humbly recognize these objectives won't be achieved by a single actor, fund, or organization.

At MCV, we specialize in operating at the earliest stages of innovation, as «de-riskers» and catalyzers of later-stage, larger pools of capital that often view emerging markets and specific end user groups or sectors as too risky, and therefore left dramatically under-capitalized. We use our early-stage expertise and position to directly support startups in building healthy, growth-oriented, and high-impact businesses as pipeline for this later-stage capital. Alongside this, we see **sharing our learnings, insights, and perspectives as critical to building trust in these sectors and markets**. Insights and thought leadership are a core part of our strategy at MCV for this reason, and they are essential to our ability to effectively and urgently address the climate crisis.

We regularly and transparently share our learnings to contribute to building the evidence base for emerging technologies and innovations, and to help prove the potential of high-impact solutions. **Our goal is for peer investors, funders, and startup support organizations to engage with these insights and gain the confidence needed to invest in or support impactful solutions that help build climate resilience in emerging markets**. Over time, we hope to see an ecosystem for impactful, innovative, venture-led solutions emerge in these geographies – with more startups being created and more investors deploying capital.

INSIGHTS & THOUGHT LEADERSHIP | 2023 BY THE NUMBERS

35 

EVENTS ATTENDED

23 

INSIGHTS PUBLISHED

81 

MEDIA HIGHLIGHTS

53,188 PEOPLE REACHED*
BY OUR INSIGHTS

30,964 PEOPLE ENGAGED**
WITH OUR INSIGHTS

* the number of people who view our content (i.e. blogs, newsletters, social media posts)

** the number of people who engage with our content (i.e. likes, comments, shares, clicks, mentions)



Last year was a busy one for our Insights team. We attended and spoke at over 30 conferences, produced 23 pieces of written content across all of our functions, and were highlighted in over 80 media pieces. We feel energized by what we learned, saw, and shared with others, and were humbled by the thoughtful and informative conversations, panels, and podcasts we produced alongside many of you.

We are also quite cognizant of the growing number of events, publications, podcasts, blogs, and newsletters in our industry. Content creation is becoming ever-easier, and regularly sharing insightful, original content – and engaging with others’ – has become a requirement for staying relevant, building community, and developing identity for nearly every organization.

As we start 2024, **the proliferation of content and events is influencing how we think about our insights approach** in several ways.

First, we need to **be increasingly strategic and thoughtful in choosing the conferences or events we attend and what we put our resources toward** developing. Our north star is supporting and accelerating our innovators and entrepreneurs – so, first and foremost, anything we choose to work on must be in support of this. Our intent is to only participate in events and publications where we feel our unique perspective and experience will provide meaningful contribution and value, and we seek to elevate our portfolio of innovators as much as possible through these opportunities.

Second, it’s time for us to **think in new ways about how we share content**. We have a history of generating and sharing written content, from blogs to long-form

publications, but we are increasingly seeing that this type of content should be replaced or supplemented with shorter or more interactive forms of content, such as multimedia, podcasts, or more visual depictions of key findings.



MERCY CORPS VENTURES TEAM IN NAIROBI /2022



Lastly, as we experiment with our approach to insights dissemination, we also recognize that we're working with limited resources and must make explicit tradeoffs, which leads us to a fundamental question: Is it working? **Are our insights actually moving the needle on trust and capital allocations to climate adaptation innovators in emerging markets?** Answering this question necessitates adequate measurement and data around our insights and dissemination. Our theory of change has become increasingly rigorous and we strengthened specific KPIs for our insights in 2023, but we have also simultaneously continued to get comfortable with the fact that insights and their influence can never be fully captured or measured.

2023 Events Highlights

AFRICA TECH SUMMIT | KENYA | FEBRUARY 2023

Hetal, Dan, and Toffene represented MCV at one of the industry's biggest events, sharing our take on topics such as "The Road to Profitability With Electric Vehicles," "Building the Future of Web3," and "Building Resilience Next-Gen Food Systems." Explore MCV's panel discussions from ATS 2023 [here](#).



NAIROBI PORTFOLIO GATHERING /2022

FLII | MEXICO | FEBRUARY 2023

Tim, Natalie, and Bethany attended Latin America's biggest impact investing conference in Merida, Mexico in February 2023 and discussed "Democratizing access to carbon finance for startups and communities" and "The circular hardship: How to build a circular economy startup in an emerging market and survive while at it."



AFRICA CLIMATE WEEK | KENYA | SEPTEMBER 2023

LATIN AMERICA AND CARIBBEAN CLIMATE WEEK | PANAMA | OCTOBER 2023

In the lead up to COP28, multiple MCV team members attended two of the UNFCCC’s regional climate weeks in Africa and [Latin America and the Caribbean](#). Between the two events, we were a part of numerous discussions on Agtech, climate adaptation finance, climate-smart data, and carbon markets. After Africa Climate Week, Tim and Mercy Corps AgriFin Program Director Sieka Gatabaki shared their thoughts on the [Nairobi Declaration](#).

ANDE GLOBAL CONFERENCE | GHANA | SEPTEMBER 2023

As part of our support for the ongoing improvement and development of IMM best practices for climate resilience, Lillian facilitated a workshop on “Impact Management Tools for Early-Stage Climate Adaptation Ventures” at the ANDE Global Annual Conference.



NAIROBI PORTFOLIO GATHERING /2023

AFSIC INVESTING IN AFRICA | UK | OCTOBER 2023

Scott attended AFSIC’s Investing in Africa conference and shared his thoughts on Venture Capital and inclusive growth on the continent.



2023 Publications Highlights

AGFUNDER | AFRICA AGRIFOODTECH INVESTMENT REPORT

In collaboration with the Bill & Melinda Gates Foundation, FMO Ventures Program, and MCV, Agfunder recently published the [Africa AgriFoodTech Investment Report](#).

The report indicates that Africa continues to experience a growth in agritech startups and investments are increasing among growth stage firms. MCV's portfolio companies Cinch, Complete Farmer, and Pula were highlighted in the publication.

THESIS DEEP DIVE | DIGITAL AQUACULTURE

True to our commitment to continuously push the envelope on high-impact solutions, we are conducting a series of deep dives into areas of our investment thesis that are undergoing rapid development and innovation. In 2023, we published a deep dive on [Digital Aquaculture in Africa](#), where we explored the major challenges and risks in the fish farming industry as well as new opportunities for future development by startups and digital technology to position Africa as a global food producer. Looking ahead in 2024, we'll be publishing deep dives in various other areas of our investment thesis. Stay tuned.

CLIMATE-SMART DATA SERIES

MCV partnered with Vark Consulting to understand how new or existing data sources can be applied to enable, understand, or improve climate resilience for underserved users in emerging markets.

In this Insights Series, we explore the trends, drivers, opportunities, and challenges with using data to enable climate resilience uncovered through interviews with 26 organizations working in data, analytics, geospatial mapping, insurance, agtech, and more. Stay tuned for the public launch of the series in early 2024.



Fails & Lessons Learned

[Community](#) | Tapping the power of support

[Climate Finance](#) | An outside the box approach to increasing adaptation funding

[Climate Resilience](#) | Our embedded approach amid the noise

[DEI](#) | An ongoing, essential, and steadfast journey

[Culture](#) | An essential piece of the growth puzzle

[Web3](#) | Why we still believe in its disruptive power and high impact potential

LESSON 1 COMMUNITY | TAPPING THE POWER OF SUPPORT

Smart execution and doubling down on business fundamentals have proven essential for building a strong and growing business in a bear market over the past few years. In 2023, we continued to see a general decline in global VC funding (with some exceptions) and learned even more about what makes the difference between success and failure for early-stage startups, especially in a challenging fundraising environment.

Despite the slowdown in VC funding, we continued to invest in 2023 and reinforced our dedication to our existing portfolio companies. Supporting early-stage companies during this difficult time has reaffirmed our commitment to their growth and scale and reminded us of some important lessons for success during challenging fundraising periods:

1. **The most successful companies are those that build strong communities of support around them.** This truth is clear across contexts and sectors when we look at our diverse portfolio of 48 early-stage companies across Latin America, Sub-Saharan Africa, and Southeast Asia.

Every company will go through challenging internal and external moments, and we consistently see the founders best able to navigate them are **those who have strategically and over time built, cultivated, and nurtured resilient teams and**



who are backed by a diverse set of experts and supporters — supporters who admire and support them as leaders and as humans. During times of challenge, opportunity, or personal doubt, the most successful teams are those that know how to transparently share these challenges with their networks, and resourcefully ask for advice, direct support, or connections.

As investors, especially at the earliest stages of innovation, we are an important part of these communities for our portfolio companies — providing access to our networks, direct support through our Venture Platform, and personal advice and guidance for founders. In 2023, we saw numerous examples of our strongest portfolio companies using this support resourcefully and strategically. For example, despite being a minority investor in Meridia, we helped the team balance competing interests and steward their Series A fundraising. Afterward, we were asked to retain our board seat because of our founder-centric approach, our deep impact focus, and our out-sized value.

“Mercy Corps Ventures has committed tremendous support for our board and management team over the years. I can literally reach them day and night. They’ve helped to attract and vet new investors, strengthen board governance, seek out service providers at low bono rates, and provide ongoing scrutiny and feedback on strategic materials, market analysis and venture building. We are extremely grateful for their commitment and happy to have Tim Rann serve as board member as we are scaling up.”

- **Thomas Vaassen**, CEO, Meridia

2. In our experience, **how early or proactively a founder reaches out for support is a critical determining factor in enhancing the likelihood of achieving success** or navigating a difficult situation. Founders who are more open to clearly and frequently sharing and asking for help (from us and others) have been better able to leverage opportunities and navigate these difficult macro-economic environments. And the earlier a founder asks for help, the more options the community has to support them.

While the majority of our portfolio companies **maintain regular lines of clear and honest communication** with their investors and their boards, we have seen cases



where this communication breaks down and the opposite of the above is true. Limited upfront and proactive communication about challenges or difficulties can erode trust and willingness to provide further support, limiting access to a key resource portfolio companies need to succeed.

Asking for help from a community of supporters doesn't only apply to business needs — it also applies to the more personal and human aspects of founders. In 2023, we brought more humanity to our relationship with founders and their teams, designing and launching a Leadership pillar (under our Venture Platform post-investment support offerings) to help our founders grow as leaders, make difficult decisions, and navigate work-life balance and stress.

“High impact companies are not built in a day, nor are they built via the labor of one (or even a few). We focus often on technical assistance in the form of specialized professional consultants and those are absolutely necessary for small companies, but occasionally overlooked is the softer side of the toll of high stress (not only for the CEOs but also the investors and managers that support them) and difficult external issues. So an opportunity for executive coaching with someone trained to look beyond the numbers and KPIs has been incredibly valuable, not just for the business insight that is indirectly provided but also for the sanity and clarity that go with having an outsider who can provide an objective view to some of the thornier issues at hand.”

- **Andrew Massaro**, CEO, Stable Foods

3. With a strong support community, companies can more quickly and efficiently execute, achieve product-market fit, and put the fundamentals in place, without having to reinvent the wheel. As an example, this year we developed a “Governance 101” toolkit for our portfolio companies to understand the basics of setting up a board, and expedite the learning and implementation process for governance procedures and documentation.

When seeking feedback from our portfolio, Fibrazo shared that the toolkit is a particularly valuable resource for first-time founders as it provides a roadmap for building a strong governance muscle along with practical templates for board agreements and founder agreements.



“As a founder of a company in MCV’s portfolio, I’ve experienced the daunting array of challenges that early-stage entrepreneurs face, especially when it comes to aspects outside their immediate expertise. For first-time founders, understanding and implementing effective governance from the start can seem like a Herculean task. This is where MCV’s Governance Toolkit becomes invaluable. It offers more than just a framework; it’s a practical guide complete with concrete tools that are immediately applicable, simplifying and streamlining the process of establishing robust governance.”

- **Emiliano Mroue**, Co-Founder, Fibrazo

LESSON 2 | AN OUTSIDE THE BOX APPROACH TO CLIMATE FINANCE | INCREASING ADAPTATION FUNDING

At this point, it’s been well-established that climate change is a [“wicked problem”](#) that will, among many things, require billions of dollars to solve. And while emerging markets have contributed the least to global climate change, the communities living in these markets are the most harmed by its impacts. At the same time, such climate-vulnerable communities are critical sources of innovation and right-fit solutions, presenting immense opportunities.

By 2030, it’s estimated that we will need to invest over \$340 billion per year for climate adaptation in emerging markets, yet **to date, we have only reached a mere 10% of this requirement. This is a major global failure.**

We saw both **headwinds and tailwinds for climate innovation** in 2023. The passing of the Inflation Reduction Act in the U.S. and the EU Deforestation Regulation will change markets worldwide for climate innovators; the removal of the fuel subsidy in Nigeria will hopefully accelerate the pace of deployment of renewables in one of the largest markets in Africa; the adoption of the [loss and damage fund](#) at COP28 will support climate-vulnerable countries; and serious doubts were raised around the legitimacy of carbon markets and many millions of dollars of credits.

Though there were success stories for climate finance, the headline from 2023 remained unchanged: that climate finance is still not sufficiently flowing. This was



glaringly evident in the two-year delay in reaching the \$100 billion climate finance commitment from developed to developing countries. The proposal of a [global carbon tax at the Africa Climate Summit](#) was further indicative of the severity of the challenge, alongside the mounting calls to reform the global financial system in light of climate change.

Throughout the year, we dove deeper into understanding this space and how we can be a catalyst for increasing climate finance flows to adaptation in emerging markets. These are the lessons that came out of our exploration and work:



WASOKO /2022

1. As an ecosystem of funders, we have to be willing to think differently and outside the box about the expectations and assumptions for venture

capital funds when it comes to those investing in climate resilience in frontier markets. We have to be willing to experiment and debate the merit of longer fund lives, different size fund teams, and adjusted returns expectations. We believe that many, many high-impact and profitable companies will be built in this space, but that they may look and feel different from the “unicorns” of the past. Together, **we have to be willing to adjust and adapt our models to match the complexity and enormity of the changes** we are making in building a more sustainable, resilient, and inclusive future.

2. We know the above is a big ask, and with the urgency of our fight to adapt to climate change, catalytic capital will be critical to getting climate finance flowing in the interim. We firmly believe that only with catalytic capital will climate finance goals be reached in the near term, and only with catalytic capital will we avoid the most devastating consequences (and capture the most exciting opportunities for change).

3. We have to be willing to take risks and deploy capital to meet the urgency of the climate challenge, despite not having all the answers. Particularly at the early stages of innovation, this higher risk tolerance is critical to seed pipeline for later stage, larger pools of capital that are necessary to actually move the needle on climate finance. Capital allocators need to be willing to accept the



compromise that as an ecosystem we don't yet know which models will succeed or fail, which will have the greatest impact, or which will have the greatest returns. For now, the prospect that some will succeed and deliver essential resilience-building solutions (and all will at minimum do no harm) needs to be enough.

LESSON 3 | OUR EMBEDDED APPROACH CLIMATE RESILIENCE | AMID THE NOISE

Among the ecosystem of donors, funders, and investors, there's a general sense that everyone is investing in climate, but no one knows what they are actually investing in. We hear a lot of feedback from our peers (and funders) who want to direct money toward climate adaptation and resilience, but feel a sense of confusion around what "counts," around core definitions, and around what metrics to use. **What counts as climate adaptation? What is climate resilience? And how do we measure it? These are key questions,** and the answers are still under development — and constantly evolving.

As mentioned in our Climate Resilience Approach above, in 2023 we further embedded climate resilience across our entire operating model. We deepened our years-long track record investing in climate resilience solutions and leveraged this expertise to integrate climate resilience into our other key functions: our Venture Platform, Venture Lab, and Impact Measurement and Management. We are on the leading edge of expanding our focus on climate resilience outside of our investments. Here are some of the lessons we learned through this implementation:

1. The above set of questions are legitimate, and we recognize that the climate resilience space is in a critical moment of rapid acceleration. Definitions, metrics, and best practices are constantly evolving, and there are varying levels of awareness and degrees of incorporation of climate resilience into different innovations and business models. We therefore see it as critically important to **meet our innovators wherever they are in their respective climate journeys.** This space has not yet evolved enough for innovators to be held to any specific best practices, metrics, or approaches as they relate to climate resilience.

The intentional development of our Climate Assessment Tool as part of our Venture Platform's post-investment support offerings is one of the many ways we have worked to spark awareness and right-size support for early-stage ventures in emerging markets. Through the use of this tool, we work alongside companies to think through the climate risks and opportunities facing their business and



their customers, meeting them wherever they are, and staying with them as their journey unfolds.

As an example, we introduced the climate resilience lens to a company in our inclusive fintech portfolio, and discussed that they hadn't yet considered climate related-risks or opportunities in their overall business risk management plan. A year later, we reached back out to collect their feedback on the first version of our Climate Assessment Tool, and learned that they had begun to change their thinking around climate-related risks that had become relevant to some of their larger clients. We later supported this company to integrate climate change into their theory of change, effectively deepening their understanding of their impact on customers, while also helping them secure additional climate-related funding.

2. With the impacts of climate change only worsening and the general capital markets pulling back from the frontiers of innovation, **we have to be comfortable saying "yes" to unproven but potentially high-impact solutions, and learning alongside these innovators to accelerate the ecosystem.** Given the highly context-specific nature of climate adaptation and resilience, we are refining our own understanding and definitions as we invest, listening closely to the markets,

our founders, and the end users they impact. We believe that taking risks, and learning by doing, will move us closer to answers and consensus around these critical questions.

For example, when we invested in Fibrazo earlier this year, we debated internally as a team whether the company's core product (high-quality, affordable internet helping to close the connectivity gap in Latin America's low income urban barrios) had an impact on the climate resilience of end users. While Fibrazo isn't inherently providing a climate-tech product, we view reliable and affordable internet connectivity as fundamental infrastructure necessary for communities to access other products and services with more direct links to climate adaptation. Additionally, for



POWERED BY PEOPLE /2022



climate-vulnerable communities that Fibrazo serves, the broadband internet product provides a critical and stable channel for accessing information such as weather forecasts, evacuation alerts, and post-disaster support services. As part of our post-investment support services we are working with Fibrazo to explore and measure the extent of their product's climate resilience impact through customer surveys and research.

3. As an ecosystem, **we must continue to be open and willing to share our successes, and more importantly, our failures** in order to create a more resilient and inclusive future. None of us can make the progress needed alone. In 2023, we doubled down on insights and transparently sharing and co-creating with our peers, and these practices remain critical and essential parts of our strategy moving into 2024. Shoutout to our visionary peers like Acumen who are similarly committed to sharing what's not working (take a look at Acumen's recent [Failing Forward](#) report).



AQUARECH /2022

LESSON 4 | AN ONGOING, ESSENTIAL, AND STEADFAST JOURNEY

DEI

In 2023, we deepened our commitment to strengthening diversity, equity, and inclusion (DEI) across both internal and external initiatives in a myriad of ways:

- We developed an overarching, **three-year strategy for DEI across all of our workstreams**, articulating why it's important to us as a fund and specifying clear KPIs across each function to hold ourselves accountable.
- We expanded our team in accordance with our DEI principles, **bringing on six new team members** with a diversity of background and lived experiences, and who are proximate to our founders, innovators, and portfolio.



- We became official members of [2X Global](#) to not only reinforce our commitment to support female founders and users, but also to intentionally and constructively engage with peer investors and expert organizations to learn, share successes and challenges, and collectively unlock gender-smart capital at scale.
- We developed an initial **post-investment DEI framework** for our new investments to spark awareness and help founders think through DEI within their own companies, such as how to strengthen diversity in their leadership and board, and/or how to promote more inclusive decision making within these bodies.
- We experimented with the use of a **self-identification survey for our team and founders**, guided by a firm belief that self-reported data is the only way to accurately capture DEI-related data.



BITMAMA /2023

Each of these processes has led to a lot of learnings, and though we feel we've made progress we can be proud of, we also know that **understanding, embedding, and measuring DEI within our team is a never-ending, constantly evolving journey.** With each step toward progress comes additional layers of nuance, and there will always be

areas where we will fall short — we'll never be perfect. We've had difficult and honest conversations about our shortcomings, and we've recognized that we don't have all the answers — what matters most (to us) is that we remain steadfast in our commitment to keep working at it.

With that in mind, these are some of our key learnings from 2023:

The work doesn't end with diversity. Both within our own team and with our portfolio companies, we've taken the step beyond asking only about team members' profiles and experiences. We've been thinking about the "E" and the "I" components of DEI with questions around **decision-making authority,**



transparency, opportunity, ownership and compensation, and performance management. While there is a lot to unpack here, our primary lesson is that the work doesn't end with increased diversity, because the power of diversity comes from different experiences and perspectives being valued, heard, and able to shape a team, business, or innovation.

We are encouraged that several of our portfolio companies are thinking strategically about how to build a diverse board and how to effectively decentralize decision making beyond the C-suite as they grow.

DEI has limitless layers of nuance, consideration, and perspective, and our lesson here revolves around the difficulty – but importance – of attempting to hold and balance that complexity with a concrete strategy and

plan. We have seen from others, and ourselves at different times, the experience of complexity paralysis, where the infinite nuances of DEI stall organizations and teams to the point where they make no progress at all. We have no secrets to reveal in regard to how we developed our DEI strategy – it took many hours of difficult conversations, a handful of trade-offs, and countless iterations – but we can now attest to the power a single DEI strategy has had in influencing our ability to make focused progress. **We didn't let perfect be the enemy of the good,** and we didn't let perfection stop us from getting started.

In our exploration of working with portfolio companies on DEI initiatives – similar to our work on climate – we have found it important to **meet teams and innovators where they are and where they want support.** In 2023, we observed a wide range in the types of DEI best practices emerging at the fund and capital allocation levels and in what founders see as important to their business. In the spirit of DEI, we have chosen to 1.) have open conversations with founders and assess where they are on their DEI journey, 2.) meet founders at their level and spark awareness of the growing body of evidence and best practices around DEI, and 3.) support entrepreneurs with the tools and resources needed to deepen their understanding and take the next steps on their own unique journeys. Additionally and critically, we listen to feedback from our portfolio as we recognize that in many cases, the



AGRIAKU /2022

existing body of DEI evidence and best practices has been developed with data from, and in the context of, Global North markets and businesses, and may not resonate or be additive to our portfolio.

LESSON 5 | AN ESSENTIAL PIECE OF THE CULTURE | GROWTH PUZZLE

In 2023, the market downturn forced companies to focus on financial sustainability, efficiency, and basic business fundamentals, with seemingly extraneous or auxiliary focuses like culture falling to the wayside. But we've seen that a **lack of proactive creation and management of team culture has real business consequences and can prove life or death for companies**, especially during a market pullback, as poor culture or lack of trust can result in lost productivity, inefficiency of systems and processes, or the loss of team members (and the expensive use of resources to re-hire).

Despite its importance, we see little discussion taking place within our ecosystem (among portfolio companies and our peer funds) about how hard it is to do this well, and what strategies, support, and best practices exist.

It was an important culture building year at MCV (as we know they all should be!). We developed our values, a framework for working together remotely, guidelines for how we provide feedback and resolve conflict amongst ourselves, and initiatives to increase transparency and accountability within our team.

As we are on the same journey as many of our peers and portfolio companies, we want to share what we learned, and hope that as our ecosystem develops, others will do the same:

Culture is truly what makes or breaks the success of a team. We've experienced this for ourselves at MCV. In areas where we've gotten culture right — within sub-teams, specific projects, or initiatives — teams and individuals have soared with energy, and the output has over delivered and exceeded expectations. In areas where we haven't gotten it right, we've seen the real tolls on efficiency, sense of empowerment, and the substantial use of resources it takes to recreate a productive, healthy dynamic. So, to our portfolio, potential investees, and their peers: when we say that there is no substitute for culture and that it is essential to your strategy, we are saying this based on our own experience growing our team alongside our experience as investors.





MERCY CORPS/DRC/EZRA MILLSTEIN /2022

For us to achieve our goals, a globally distributed team is a necessity. Yet building trust and culture is more difficult in a remote environment, and no one has really figured out how to do this well (yet). As our team continues to grow, spanning multiple countries and continents, we also continue to confront **the challenge of building trust and culture in a remote environment** — and we

see many innovators and entrepreneurs struggling with the same question. In our search for best practices for our team and our portfolio, we came across very little that is universal or with robust data and supporting evidence. There was one exception, though. Across the ecosystem, we all seem to be coming back to the fundamental principle that spending time together, in-person, simply can't be replaced. Even as our team continues to grow, we are committed to gathering together (in real life) at least once a year.

LESSON 6 | WHY WE STILL BELIEVE IN ITS DISRUPTIVE POWER AND HIGH IMPACT POTENTIAL

WEB3

Last year, we shared about our acceleration into identifying real world uses for web3 technologies through the launch of our first Crypto for Good Fund, and our process for managing innovation pilots with web3 companies to draw out relevant insights on their impact, feasibility, and scalability.

Since then, the macro-environment for web3 has been through a wave of shocks, including the collapse of FTX, enforcement actions taken by the U.S. Securities and Exchange Commission, and ever-evolving crypto and web3 regulations in the U.S., Nigeria, Kenya, and other key markets. These scandals, headlines, and regulatory uncertainties created an extremely challenging fundraising environment for web3 innovators, projects, and startups in 2023, with many major capital allocators reducing funding, pulling out of emerging markets, or pausing operations



altogether. These are the two fundamental takeaways we've gathered — and beliefs reinforced — through watching the web3 space evolve over the year:

1. Bear markets have a positive effect on uncovering and strengthening the real world, impactful use cases that exist for the underlying web3 technologies. We've already started to see this through our second Crypto for Good Fund in early 2023, which was launched after the onset of the bear market. As we discussed in our earlier [Venture Lab section](#), in general, we saw a much higher quality of proposals from more thoughtful and impactful innovators compared to our first Crypto for Good Fund, which was launched at the height of the crypto bull market in 2022. Additionally, we are witnessing web3 innovators (and innovators in general) going back to basics, focusing on financial sustainability and responsibility, governance, and operational excellence. As the funding for subsidized, "growth at all costs" acquisition has dried up, we're seeing a renewed focus on sustainable growth and customer acquisition.

"While the past 18 months have been challenging, a lot of the shake-out in crypto was for the better. There's much less noise in the space, and despite all the negativity, crypto continues to thrive. We're excited about 2024, the launch of Crypto For Good Fund III, and all the real world use cases that will be built on-chain."

- **Ken Kou**, Head of Venture Lab, Mercy Corps Ventures

2. Web3 continues to show its disruptive power, and there is high potential for impact for web3-based solutions. In 2023 we wrote about why [we still believe in web3](#), and we remain steadfast in this belief. We are particularly excited about the strong potential use cases we're seeing for web3 to improve the delivery of humanitarian aid, increase economic opportunity for the underbanked, and confront the climate crisis, and we're as eager as ever to test these technologies in 2024.



Looking Ahead

It's onwards and upwards for us at MCV. The time is now to deploy capital into early-stage climate resilience ventures and pilot groundbreaking solutions, and we're not slowing down.

In 2024, we will **continue to deploy investment capital**, taking the necessary risks to discover and support the earliest stages of innovation to meet the urgency of the challenges and opportunities presented by climate change. We will continue pushing the boundaries by **conducting additional deep dives into areas of our investment thesis**, selecting winners for the Climate Tech Facility, and **launching a series of climate-tech pilots**. We will also launch new pilots testing **the use**



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of crypto for delivering humanitarian aid, and continue to pilot web3 use cases, with a focus on **increasing the accessibility of crypto**. Through our new partnership with the Walmart Foundation, we will go deeper in Latin America, deploying capital through both our investments and Venture Lab pilots that is specifically focused on climate resilient agriculture and food systems.

Under our Venture Platform, **we will refine our user-centric post-investment support approach** and will continue to develop our climate-focused support for our portfolio. To strengthen our Impact Measurement & Management function, we will **develop an Environmental, Social, and Governance (ESG) Risk Assessment tool** to support investment due diligence and post-investment portfolio management that is specifically right-fit for early-stage companies in emerging markets.

All of this work will hinge on the strength of our team and the breadth of our geographic presence around the world. We will continue to grow our presence in Africa and Latin America. As we do so, we will be taking the next steps on our DEI journey. And as new team members come on board, we will need to continue building our team culture, making every effort to stay connected and unified around our mission despite the time differences and the many miles between us.



Farewells

The reality of investing at the pre-seed and seed stages in emerging markets is that some startups won't make it. But that doesn't make it any easier when our portfolio companies close their doors. Confronting a myriad of challenges, founders and their teams pour their hearts and souls into building their companies, and we're proud to work alongside them on their respective journeys. This year, we had to bid farewell to two of our beloved portfolio companies:



Suyo formally closed down its operations between 2022 and 2023. Based out of Colombia, Suyo represented MCV's first foray into housing and land rights. Over 70% of the world's population lacks secure land rights, which are foundational to psychosocial security, agricultural productivity, and building adaptive capacity to climate change. Suyo was a pioneer in the land rights space in the Americas and the first tech-enabled land rights service provider for low-income families in Colombia.

Suyo's team and supporters displayed great grit and innovation as they scaled up services to the national level and fully formalized entire municipalities in some of the most conflictive and poverty-stricken regions of the hemisphere. In all, Suyo Colombia provided property

diagnostics, property formalization support, and other property services to 88,000 households in 78 municipalities in the country, directly benefiting over 340,000 low-income individuals. Ultimately, Suyo was unable to find product-market fit and grow the company.

We have been immensely grateful for Suyo's leadership team (particularly Lina Guzman), board (especially Diana Gomez and Jorge Bermúdez), and investors (particularly PLACE and Sayuri Sharper). The process of dissolving Suyo was an exceptionally positive case study in how to close doors effectively and ethically for all stakeholders. In 2024, all of the company's technology and intellectual property will become public goods to benefit the land rights sector as a whole.





Teliman

Despite displaying tremendous resilience through the COVID pandemic, two coups in Mali, and the Suez Canal supply chain disruption, Teliman was ultimately unable to find a path toward product-market fit. Teliman's digital platform for motorcycle finance, B2B deliveries, and passenger rides was a breakthrough for the market, and while we are disappointed to see Teliman

wind down, we have been incredibly impressed with the founding team's tenacity. They faced multiple existential crises, pivoted, and found new pathways each time, until it was clear that there were no other viable models to employ. We wish the team great success in their future endeavors, and have sincerely appreciated their partnership over the years.

This year we also bid farewell to two of our extraordinary team members.



Ronald Rwakigumba: In January, we said goodbye to Ronald, our Pilot Lead based in Uganda, who brought extensive experience in financial inclusion across humanitarian settings.



Laura Beresford: In September, we said goodbye to Laura, our Head of Insights & Marketing based in New Zealand, who grew our digital marketing, communications, and brand exposure over the last few years.

We are deeply thankful for the valuable contributions and unique perspectives that Ronald and Laura each brought to our team. We know their footprint and impact on MCV will live on for a long time, and we wish both of them the best of luck in their next steps!



Acknowledgments

Our success and learning is only possible thanks to our diverse community of donors, partners, advisors, staff, and friends.

We'd like to say a heartfelt thank you to the Mercy Corps board and leadership, and to functional, country, and program teams for their ongoing support and commitment to our mission. We'd also like to thank the interns and consultants who have brought immeasurable value to our team: Karina Fassbender and the team at Circle Innovation, Ellen Carey Maginnis, Nabanita Sen Bekkers, Fernando Morales, Philippe Abraham, James Grunwald, Sadaf Sultan, Tyler Goodwin, Njeri Muhia, Abeera Akhtar, Rahim Chunara, Emma Schwartz, Heather Cummings, Jyoti Patel, Donna Rocco, Chantelle Macey, Kenso Consulting, and Vark Consulting.

Thank you to our Mercy Corps colleagues around the globe, including the Technical Support Units and research teams, the AgriFin team, the Jobtech Alliance team, the Blockchain Crypto Working Group, and the Digital Agriculture Working Group. We're also immensely grateful to our Mercy Corps colleagues who provide invaluable support in fundraising, communications, human resources, legal counsel, procurement, and finance.

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In Closing

Thank you for reading! Our vision is a world where underserved people and communities can withstand disruption, build for a more equitable future, and thrive, and we're grateful to have your support and partnership in working toward this reality.

For more regular updates on our work, visit our [Medium](#) page and sign up for our [monthly newsletter](#).

For real-time updates and job opportunities, follow us on [LinkedIn](#) and [X](#).

To get in touch, or to share feedback on this report, please email us at mcv@mercycorps.org.

If you are an early-stage founder building an impactful solution for climate or financial resilience in emerging markets, we want to [hear from you](#).



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Mercy Corps Ventures invests in and catalyzes venture-led solutions to increase the resilience of underserved individuals and communities. Through capital and support, piloting new approaches, action-oriented insights, and rigorously managing impact, we catalyze the ecosystem toward smarter, more impactful investments.



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