



Humanitarian Development Peace Fund

HDP Fund Business Plan – March 2026





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The HDP Fund is a \$52m blended finance vehicle designed to sustainably support businesses serving Displacement-Affected Communities (DACs), with a specific focus on peacebuilding

The fund combines a layered capital stack with a phased deployment strategy tailored to fragile contexts



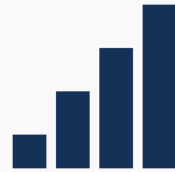
Fund Structure & Design

- Instruments:
 - Window 1: recoverable grants
 - Window 2: impact-linked loans
 - Technical assistance facility
- Shuraako Capital confirmed as the fund manager
- Impact features: concessional rates, impact rebates



Blended Finance Capital Stack

- Donor grants: early-stage risk capital (recoverable)
- Concessional capital: first-loss to de-risk the fund
- Private capital: Debt with impact-linked pricing
- TA facility: capacity building and peace responsiveness support



Phased Deployment

1. Incubation: grants to test and validate peace-focused business models
2. Investment: scale-up using debt
3. Regional rollout: Begins in Somalia, moving to Ethiopia, Kenya, Nigeria, DRC



Peace-focused Screening

- Peace-first lens: initial screen prioritizes businesses that foster inclusion, conflict sensitivity, or resilience in fragile contexts within target areas
- Refugee/IDP criteria: investee alignment assessment using RIN's refugee lens



Robust Impact Features

- Triple Nexus Support: integrated technical assistance strengthens business models for HDP outcomes
- Robust framework: IMM framework ensures continuous tracking, verification and reporting of outcomes



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From humanitarian response to peace-aligned investment

Transforming displacement finance through intentional, risk-aware, and peace-positive capital structures



Key Challenges

- Displacement crises underfunded; **private capital absent**.
- **SME financing gap in fragile states**: high costs, high risk.
- Existing funds focus on relief, **not long-term investability** or peace outcomes.
- No instruments for early-stage businesses → pipeline stuck.



Rationale

- Businesses can drive stability, jobs, and inclusion **if given tailored capital**.
- Risks (FX, integrity, elite capture) are real but **can be mitigated** with the right design.
- Need to **link** financing directly to **peace outcomes** and resilience.
- Bridging humanitarian gaps requires **investable, peace-positive pipelines**.



Innovation

- **Dual-window model**: recoverable grants (window 1) + impact-linked loans (window 2).
- Performance pathway ties Window 1 and 2 together → **repayment = gateway to scale**.
- Peace Finance Standard ensures investments “do no harm” and **actively build peace**.
- TA Facility integrates conflict analysis, peace-positive business support, and IMM.
- Purpose: **peace-positive outcomes** (social cohesion, trust, resilience).

This model transforms displacement finance by **moving beyond humanitarian relief to investable, peace-positive solutions**; it reduces risks for investors, empowers SMEs, and ensures capital flows directly contribute to stability, trust, and resilience in fragile contexts

The PFIF identifies priority sectors with relevance in fragile settings while excluding sectors linked to weapons, illegal drugs, and protected land use, ensuring alignment with SDG 16

The PFIF¹ draws from international classification systems (i.e. NACE²) to identify sectors with historical or structural relevance in fragile and conflict-affected settings. These broad categories serve as a starting point for peace-positive sector screening, based on:

- A **track record** of investment in conflict-affected context
- **High exposure** to fragility risks or service delivery gaps
- **Relevance to SDG 16** and systemic peacebuilding enablers



Target sectors

These sectors form a baseline for mapping **peace-finance applicability in fragile markets and among displacement-affected communities**:

- Agriculture, Forestry and Fishing
- Mining and Quarrying
- Electricity, Gas, Steam and Air Conditioning Supply
- Water Supply; Sewerage, Waste Management and Remediation Activities
- Transport and Storage
- Construction
- Information and Communication
- Financial and Insurance Activities
- Real Estate Activities
- Public Administration and Defence
- Education



Excluded sectors













Peace-supporting investments aligned with the PFIF will predominately take place in fragile and conflict-affected environments. These contexts therefore place additional emphasis on **specific exclusionary criteria** related to compliance with international humanitarian law, violations of human rights, the production of weapons, and the participation of children in conflict.



The following sectors are therefore excluded:

- Investments that directly support activities involving the **manufacture or sale of heavy weapons, ammunition, chemical weapons, mines, or small arms**.
- Investments that directly or indirectly support the **manufacture of drugs proscribed by legal and international regulatory frameworks**.
- Investments that directly or indirectly support **agricultural or afforestation operations on land designated as primary forest, in high conservation value areas, or in legally protected areas**.

¹Peace Finance Impact Framework | ²European Commission, 'List of NACE codes' (2010)

The country shortlist was tested in interviews; Somalia and Ethiopia are Phase 1 priorities for the HDP Fund, with Kenya and DRC depending on readiness

	Enabling factors	Limiting factors
 Somalia 	<ul style="list-style-type: none"> Existing on-the-ground implementation capacity through Shuraako, strengthening origination and portfolio management. Strong remittance inflows creating investment opportunities. 	<ul style="list-style-type: none"> High governance and integrity issues. Weak formal banking sector and reliance on informal financial systems, making investments challenging.
 Ethiopia 	<ul style="list-style-type: none"> Regional relevance and cross border market links with Somalia. Appropriate for Phase 1 implementation of the pilot based on local presence and regional importance. 	<ul style="list-style-type: none"> Governance and regulatory risks affecting SMEs operations.
 Kenya 	<ul style="list-style-type: none"> Strong SME and entrepreneurship ecosystem. Relevant for cross-border value chains linked to Somalia and Ethiopia. Presence of localized fragility and DACs (northern and coastal region) 	<ul style="list-style-type: none"> Fragility is concentrated in specific counties, so alignment depends on targeting those regions. Crowded financial services industry and higher default rates than peers.
 DRC 	<ul style="list-style-type: none"> Strong potential for impact investment in agriculture, energy, and mining, with existing donor and NGO engagement. Existing regions with relatively mature entrepreneurial ecosystems. 	<ul style="list-style-type: none"> Relevant governance and integrity issues, but potentially manageable. Recent surging violence in eastern region linked to the Rwanda backed M23 rebel group is increasing institutional instability.
 Nigeria 	<ul style="list-style-type: none"> Africa's largest economy, with strong financial infrastructure, growing entrepreneurship ecosystem and diaspora remittance inflows. Some regulatory improvements and support for entrepreneurship. 	<ul style="list-style-type: none"> High foreign exchange risk due to currency volatility.
 Burkina Faso 	<ul style="list-style-type: none"> Stronger financial sector compared to the Central African Republic (CAR) and Somalia but still facing systemic weaknesses. Relatively stable currency, with lower FX risks². 	<ul style="list-style-type: none"> Escalating security concerns due to extremist insurgency, leading to restricted movement and operational risks. Political instability following military coups.

 High ease of implementation
  Medium ease of implementation
  Low ease of implementation

¹Sub-Saharan Africa. | ²Foreign Exchange.

Considering Somalia's pressing displacement needs and the fund manager's local expertise, Somalia serves as the ideal geographic location for the pilot launch of the HDP Fund



Impact potential

Somalia, a country marked by decades of protracted conflict and fragile governance, struggles with large-scale internal displacement driven by violence, insecurity, and recurring natural disasters, which severely exacerbate poverty and widespread food shortages.

Political context

Somalia operates as a federal parliamentary republic, with President Hassan Sheikh Mohamud elected in May 2022. The nation is undergoing a gradual process of political stabilization; however, it continues to face challenges related to governance, institutional capacity, and political fragmentation.



HDP nexus context



Humanitarian: Somalia faces a complex humanitarian crisis, with over 2.9 million internally displaced persons as of mid-2024, primarily due to conflict and climate-related shocks such as droughts. Vulnerable populations, especially women and children, face significant challenges in accessing essential services.



Development: Somalia has had a very low net primary school enrolment rate⁸. 80% of the population faces moderate to severe food insecurity, among the highest in pre-selected countries. Societal poverty line data is unavailable, but other data suggests a very high vulnerability rate.¹



Peace: Somalia continues to grapple with security challenges, notably from the Al-Shabaab insurgency group, which conducts attacks affecting civilians and infrastructure. Despite efforts by the African Union Transition Mission in Somalia (ATMIS) and Somali forces, achieving sustainable peace remains a critical concern.

● High impact potential ● Medium impact potential ● Low impact potential

Key indicators



Population¹
18m



% of refugees and IDPs in population
36%



GDP/capita PPP adjusted¹
\$ 1,557



HDI²
0.38











Indicator	Value	Rank in Africa
# of IDPs ³	6,578,000	● 3
# of refugees ⁴	17,979	● 26
Children in refugee context ⁴	6,555	● 25
Population in relative poverty ⁵	Unavailable	Unavailable
Gender Inequality Index	0.67	● 2
ACLED Conflict Index (ranking) ⁶	21	● 6
Funding gap ⁷	71%	● 4

IMPACT POTENTIAL SCORE:



¹World Bank data. | ²Human Development Index. | ³Internal Displacement Monitoring Centre data. | ⁴UNHCR statistics. | ⁵World Bank measure of population earning below 50% of the median income. Reflects relative poverty and income inequality but does not indicate whether basic needs are met, as the societal poverty line (SPL) does. | ⁶The ACLED Conflict Index looks at the risk of potential conflict escalation. | ⁷UNHCR data on current share of unavailable funding out of total humanitarian needs. | ⁸Latest data (1980) recorded a 14%.

Demand drivers for enterprises in Somalia are underpinned by robust macroeconomic and sectoral trends

 <h2>Urbanization</h2>	 <p>Somalia is urbanizing rapidly, led by Mogadishu, Hargeisa and Garowe, despite infra gaps (UN-Habitat, '23)</p>  <p>Displacement and migration are raising demand for basic services (IOM, '24)</p>  <p>Urban centres serve as hubs for trade, construction and small enterprise growth, especially in retail and transport (World Bank, '23)</p>	 <h2>Digital transformation</h2>	 <p>Mobile penetration >70%, and money use near the highest globally (WBG, '23)</p>  <p>Digital financial services provide a backbone for payments, remittances and enterprise transactions (IMF, '23)</p>  <p>Government and private sector expanding digital ID, e-governance and telecom infrastructure (FGS, '24)</p>
 <h2>Green transition</h2>	 <p>Somalia highly vulnerable to climate shocks, driving demand for climate-adaptive technologies (FAO, '23)</p>  <p>Expanding solar mini-grids, and off-grid energy solutions, especially in underserved rural towns (IFC, '24)</p>  <p>National commitments to climate adaptation incl. water management, land restoration, etc. (NDC, '22)</p>	 <h2>Food security</h2>	 <p>Over 4m people face acute food insecurity, highlighting urgent need for resilient food systems (FSNAU, '23)</p>  <p>Agriculture contributes >60% of GDP, but productivity remains constrained by shocks and limited inputs (WBG, '23)</p>  <p>Conflict, drought and market disruptions create demand for storage, irrigation, cold-chain, etc. (FAO, '23)</p>

Somalia's Government is creating an enabling environment to attract impact-oriented investment



**Strong alignment with
SDG and resilience
policies**

Somalia's National Development Plan (NDP-9) prioritises inclusive growth, livelihoods, climate resilience and private-sector engagement to meet SDG commitments (MoPIED, 2020–2024)



**Government openness to
blended and catalytic funds**

Federal authorities increasingly partner with development actors to crowd in private capital for MSMEs, energy, digital services and resilience programming, signalling strong openness to blended finance structures



**Targeted incentives in
priority sectors**

Import-duty exemptions, tax holidays and investment facilitation schemes are available in sectors such as renewable energy, fisheries, agribusiness and ICT through the Somalia Investment Promotion Office (SOMINVEST)



**Push for private-sector led
economic recovery**

National reforms emphasise enterprise development, financial inclusion and job creation, with the government positioning the private sector as a key driver of service delivery and economic stabilisation

The HDP Fund has been thoughtfully designed through extensive stakeholder interviews to align with investor priorities and the realities of fragile contexts



Robust Country Selection Methodology

The fund's rigorous, well-recognised country selection process has been validated by different stakeholders and gives investors confidence that their capital will be deployed in carefully vetted, high-need geographies, reducing exposure to inappropriate or high-risk contexts



Flexible Investment Vehicle

The fund's two-window structure (recoverable grants and impact-linked loans) allows flexible deployment across early-stage and scale-up needs, making it well-suited to fragile settings and appealing to both public and private investors.



Private Sector-Driven Solutions

Prioritising private-sector-led solutions, supported by Shuraako's on-the-ground ecosystem, ensures sustainable, market-based approaches with potential for scalability. This strategy attracts investors seeking long-term impact paired with operational viability.



Targeted Technical Assistance

Providing peace-responsive and conflict-sensitive technical assistance for capacity building, governance, and operational improvement strengthens investees, reduces risks, and increases the likelihood of successful outcomes that is reassuring investors of effective capital use.



Impact-Linked Finance




The fund's impact-linked financing approach ties financial terms to measurable peace-positive and social outcomes. The progression from recoverable grants to impact-linked loans creates incentives for performance and aligns returns with long-term impact.



Preference for Debt over Equity

Focusing on debt instruments, which are simpler and more predictable than equity in volatile settings, aligns with investor preferences for lower-risk, more straightforward financing structures; this makes the fund more accessible and attractive to a broader range of investors

By addressing key market gaps, the fund motivates investors to co-invest and amplify impact

	Philanthropists	DFIs	Impact Investors
Description	Philanthropists aim to support initiatives that deliver strong, immediate social impact , often in areas where traditional aid falls short	DFIs seek to catalyse private capital flows into high-risk areas to stimulate economic development	Impact investors pursue a dual return, both financial and social . And aim to prove that responsible investment can generate lasting, positive change
Market gaps	<ul style="list-style-type: none"> • Lack of flexible, long-term funding for local peace and social cohesion initiatives • Absence of sustained support for non-profit impact projects 	<ul style="list-style-type: none"> • Limited availability of financing adapted to local SMEs • Lack of investment solutions incorporating peace objectives • Need to de-risk investments to encourage private sector participation 	<ul style="list-style-type: none"> • Scarcity of funds that truly align financial incentives with impact outcomes • Lack of financing mechanisms ensuring transparency and accountability on peace and development objectives
How the HDP Fund address this gap	The HDP Fund will provide flexible, long-term financing specifically dedicated to peace-positive and inclusive initiatives . This approach supports local initiatives that typically lack access to sustainable funding sources.	The HDP Fund will offer financial instruments tailored to local SMEs while integrating peace objectives . This will help reduce investment risks and attract more private capital to fragile contexts.	The HDP Fund will adopt impact-linked pricing mechanisms , guaranteeing that financed businesses commit to measurable peace and development outcomes. This ensures alignment between financial returns and social impact.
Stakeholders interviewed ¹			

¹ The HDP Fund conducted interviews with different stakeholders to get insights

Stakeholder interviews revealed critical gaps in existing financing options, highlighting a clear opportunity for the HDP Fund to better meet the needs of businesses in fragile contexts

Challenges faced by potential investees seeking to take out a loan in displacement areas...



Tenor too short

Existing loans offered to businesses in conflict-affected areas are often **too short-term**, which does not match the **slower growth and longer stability needs** of these enterprises



Lack of flexibility

Repayment conditions are rigid, with no possibility to adjust terms when difficulties arise, which is a major obstacle in volatile contexts



Lack of impact alignment

Current financing solutions focus mainly on financial returns, without considering **social, environmental or peace-related impact objectives**





... should guide the fund design

The HDP Fund will **offer longer loan tenors** tailored to these realities, giving businesses time to stabilise and grow sustainably

The HDP Fund will provide **flexible repayment structures and adaptive financing**, supporting investees to navigate volatility




The HDP Fund will embed **clear impact criteria** in its investments, ensuring alignment with social and peace-related outcomes

Existing funds largely support displaced affected communities, but none incorporate a peace-positive lens into their investment strategy, making the HDP Fund a unique opportunity

	Objective	Target investees	Technical assistance	Financial support
	Increased business activity in target refugee hosting areas to increase self-reliance	Local companies/ SMEs, digital solution providers, financial service providers	<ul style="list-style-type: none"> Impact improvement, measurement and management support Financial, business management, operational processes advisory and support 	<ul style="list-style-type: none"> Instrument(s): impact-linked loans Ticket size: \$100k to 750k Return: 4-7% Tenor: 3 to 5 years
	Stimulate economic growth, create jobs, and promote stability and peace in Somalia	SMEs, particularly those owned by women and young entrepreneurs	<ul style="list-style-type: none"> Financial, business management, operational processes advisory and support Energy efficiency support ESG standards support Anti-corruption systems support 	<ul style="list-style-type: none"> Instrument(s): loans Ticket size: \$50k to \$1.25m Return: ~1% Tenor: 5 years
	Help rebuild the economic fabric of Iraq and create sustainable jobs for Iraqis	Local SME with positive social impact	<ul style="list-style-type: none"> Financial, business management, operational processes advisory and support Access to GroFin's network Investment readiness support 	<ul style="list-style-type: none"> Instrument(s): loans (medium-term risk capital) Ticket size: \$100k to 2m Return: n/a Tenor: Up to 5 years
	Strengthen private sector development and women empowerment	SMEs that provide goods and services to local contexts and underserved markets	<ul style="list-style-type: none"> Financial management, operational processes advisory and support ESG standards and (ISO) certification support Investment readiness support 	<ul style="list-style-type: none"> Instrument(s): debt, equity and mezzanine finance Ticket size: \$300k to 10m Return: n/a Tenor: n/a

THDP Fund integrates a peace-positive investment approach, using the Peace Finance Standard and peace-enhancing mechanisms (PEMs) to verify peace positive impact

Flexible debt preferred over equity for the HDP Fund as it avoids ownership dilution and will use impact-linked pricing to align returns with peace outcomes

Characteristics	Debt	Equity	Description
 Capital preservation			Debt allows businesses to secure the funding they need without giving up shares . This is essential in fragile contexts where entrepreneurs need to maintain control of their limited assets to respond quickly to crises and avoid external interference.
 Aversion to dilution			SMEs in fragile settings often fear losing control to investors if they give up equity. Debt financing respects their desire to remain owners of their businesses, maintaining stability and ownership, critical to fostering trust in conflict-affected communities.
 Cash-flow based repayments			Debt can be structured with repayments that adjust to the company's real cash flow , rather than fixed rigid schedules. This flexibility is vital for businesses facing unpredictable revenues due to conflict-related disruptions.

Based on stakeholder feedback and the unique challenges of fragile contexts, **the HDP Fund will prioritise debt instruments over equity.**

Characteristics	Impact linkage	Description	
 Creates accountability			Impact-linked debt directly ties financing terms (like interest rates) to concrete peace-positive and social outcomes . This motivates businesses to actively pursue positive results, rather than focusing solely on profit.
 Alignment financials & impact			By connecting better impact performance to better loan terms including progression from recoverable grants (Window 1) to impact-linked loans (Window 2) businesses and investors are aligned.
 De-risk capital			Investors know that their capital is being used effectively , as repayment terms are adjusted based on verified impact. This reduces the risk of companies accepting funds without delivering on promised peace or social outcomes .

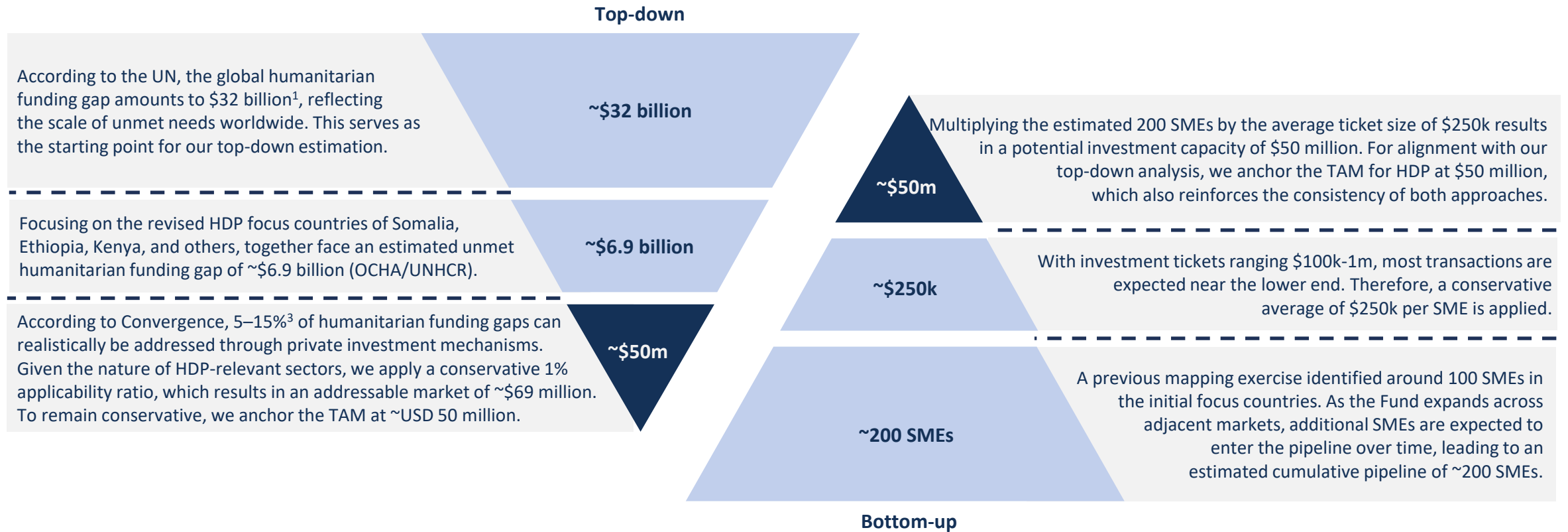
To align financial incentives with peace and development objectives, **the HDP Fund will implement impact-linked pricing.**

The top-down and bottom-up analyses converge to a \$50m addressable market for the fund

Why a top-down and a bottom-up analysis matters

The dual approach allows us to size the Total Addressable Market (TAM) for the HDP Fund. The top-down analysis demonstrates the scale of the annual humanitarian funding gap, while the bottom-up confirms that there is a sufficient and growing pipeline of investable SMEs. Together, these analyses show that the Fund is positioned in a strategic sector with ample opportunities to deploy capital and deliver meaningful peace-building impact.

With the Fund's updated sequencing (Somalia-> Kenya/Ethiopia -> others), the total addressable market is expected to be larger than the conservative estimate shown here.



¹UN Office for the Coordination of Humanitarian Affairs (2024). | ²sources: UNHCR data on current share of unavailable funding out of total humanitarian needs | ³Convergence, *The State of Blended Finance 2021*



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The HDP Fund will be a \$52m impact debt fund aiming for capital preservation to low single digit returns, starting with a pilot in Somalia, and gradually expanding to Ethiopia, Kenya, Nigeria, DRC, Burkina Faso



Geographic focus

- Somalia
- Ethiopia
- Kenya
- Nigeria
- Democratic Republic of Congo
- Burkina Faso

Sector focus

- Food system resilience
- Climate adaptation and infrastructure
- Logistics and trade facilitation
- Governance and public service delivery

Maturity of investees

Small to medium size peace-positive businesses supporting DACs or looking to scale into DACs

Ticket size

\$100k to \$1.5m (depending on investees' maturity)

Instruments to be deployed

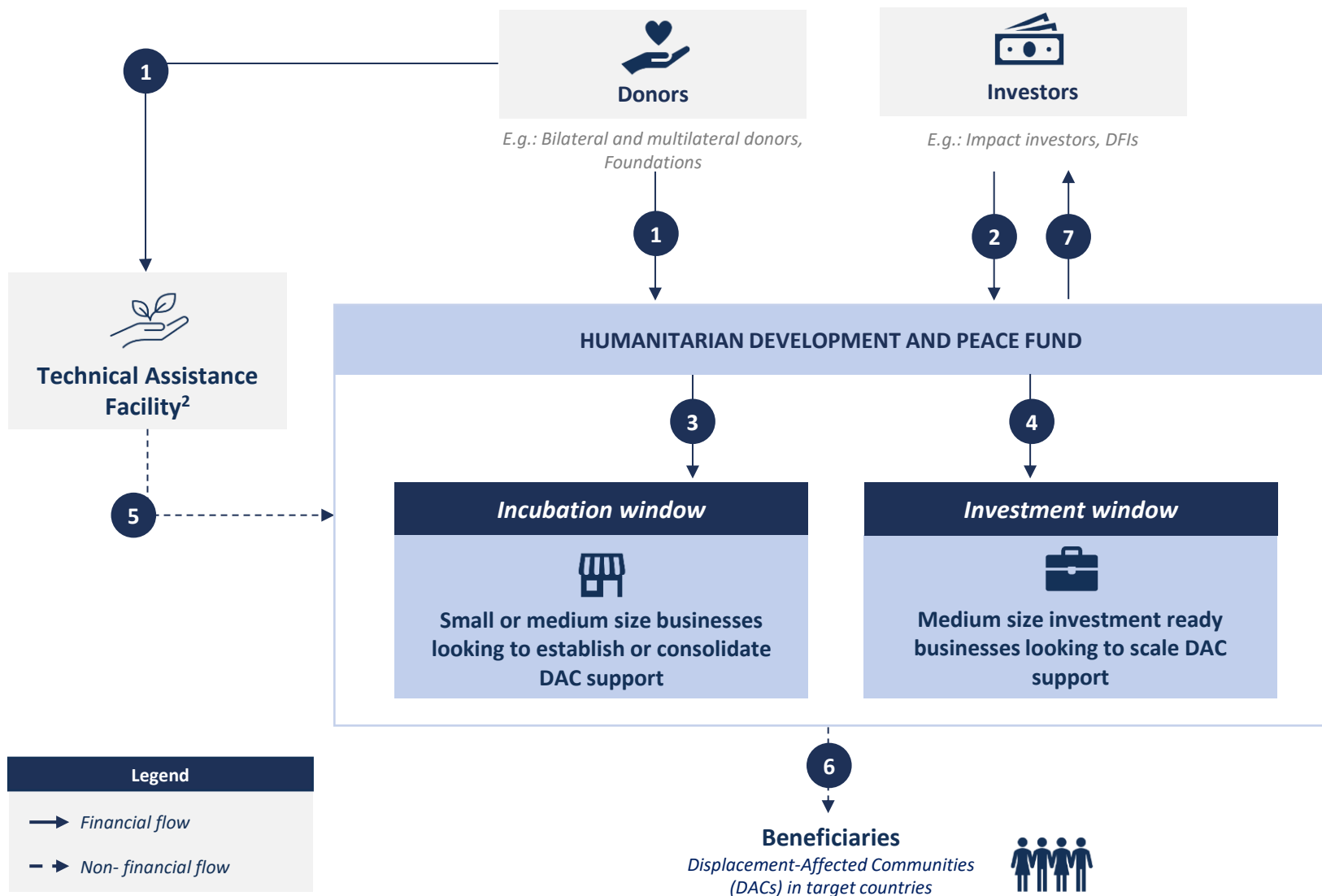
Grant and debt-based impact linked instruments

Target returns

Capital preservation to low single digit returns

 In total, the HDP fund will deploy \$52m, through \$11m in grants and \$41m in impact-linked loans, with a \$5.2m TA facility, which will support up to 80 businesses

The HDP Fund will mobilize capital to build a pipeline of peace-positive businesses and scale solutions that foster stability in displacement and conflict-affected settings



- Process**
- Donors provide grant funding to support the incubation window and the TAF¹, and first-loss capital to de-risk the investment window.
 - Investors provide concessional and commercial capital across tranches based on risk tolerance, to finance businesses through the investment window.
 - The incubation window disburses recoverable grants to small or medium-sized businesses establishing or consolidating their support for DACs.
 - The investment window provides debt to investment-ready businesses scaling support to DACs.
 - The TAF¹ delivers capacity-building support to investees in business management, peace-positive practices, nexus programming, and impact measurement.
 - Businesses employ and support DACs in target countries.
 - Investors receive repayments.

¹TAF = Technical Assistance Facility; ² More details on the TAF main features and costs in the presentation “Technical Assistance Facility Design Draft”.

Recoverable grants and impact linked loans, coupled with the TA facility, will create an enabling environment to support small- to medium-sized peace-positive businesses

	Incubation Window	Investment Window	TA Facility
Description	<p>This window will disburse recoverable grants, a form of catalytic capital that function like grants, but include a repayment obligation upon achievement of financial and/or impact milestones</p>	<p>This window will provide impact-linked loans, i.e., concessional debt instruments that embed impact incentives directly into loan terms by reducing the cost of debt when impact KPIs are met</p>	<p>Designed as a grant-funded mechanism providing pre- and post-investment support through a hybrid delivery model, enhancing investees' resilience, peace responsiveness, and scalability</p>
Impact Features	<ul style="list-style-type: none"> • Suitable for businesses in fragile contexts, where patient capital is scarce • Drives early traction, experimentation, and impact validation • Enables early adoption of peace-positive business practices in fragile settings. 	<ul style="list-style-type: none"> • Will help social enterprises to scale without giving up ownership or control • Directly links financial benefits to impact by incentivizing behaviour change: hiring displaced individuals, entering fragile regions, etc. 	<ul style="list-style-type: none"> • Strengthens peace responsiveness of business models by supporting investees in designing and adapting operations that contribute to peace outcomes • Creates enabling conditions for peace-positive investments in fragile contexts
Financial Terms	<ul style="list-style-type: none"> • Size: \$100k – \$500k; 0% interest/equity • Repayment window: 3 years, and milestone-based, i.e., conditional • Non-repayable if milestones not met due to external factors or genuine failure 	<ul style="list-style-type: none"> • Size: \$700k – \$1.5m; • Interest rates: concessional, with impact-linked rebated based on achievement of impact KPIs on an annual basis • Repayment window: 5 years, with graduated principal repayment 	<ul style="list-style-type: none"> • In-house delivery: Financial and business management assistance provided by the Fund's investment team • External partner engagement: Triple nexus support and IMM assistance to be delivered by specialized partners
Funding Provided by	<p>Philanthropic funders</p> 	<p>Impact investors</p> 	<p>Development focused donors</p> 

The investment window instruments are structured as non-collateralised, local-currency loans with impact-linked pricing designed for fragile contexts

Key commercial terms for Window 2 impact-linked loans, confirmed through research and instrument design discussions with Shuraako Capital; Loans are structured to serve fragile and conflict-affected contexts, with pricing, tenor, and repayment schedules calibrated to the realities of SME operations in high-risk environments.

Structural Terms



Currency

Loans are denominated in local currency where feasible, with FX risk hedged at the fund level. This protects investees from currency mismatch while enabling the fund to manage aggregate FX exposure centrally.



Collateral

Loans are non-collateralised as a general principle, reflecting the asset-light nature of SMEs in fragile contexts. Asset-backed Sharia-compliant structures (Murabaha-derived products) are used where required, including for the Somalia pilot through Shuraako Capital.



Tenor

5 years, with a 1-year grace period on principal repayment. This reflects the slower growth dynamics and cash flow unpredictability of businesses operating in fragile and conflict-affected settings.



Repayment

Principal repayment staggered with a step-up schedule over 4 years following an initial grace period (i.e., 0%, 10%, 20%, 30%, 40%), allowing businesses to stabilise before repayment obligations increase.

Pricing and Impact / Risk Sharing Features



Pricing

Interest rates are built up from a 2% DFI base rate, plus country risk premiums (7.5% to 13.7%), FX risk (3% to 5%), and a market risk premium (2%), resulting in total concessional rates of 14.5% to 22.7% depending on geography



Impact Features

Impact-linked rebate: Up to 5 percentage points reduction in absolute terms, applied on a sliding scale linked to KPI achievement (0x to 1.2x of target). Rebate is applied before credit loss adjustments.



Risk Sharing

First-loss protection: The concessional first-loss tranche (\$10.1m, ~20% of total capital) absorbs defaults before any impact on private investor returns. At modelled default rates, the first-loss tranche is sufficient to fully protect private capital.

Phased capital deployment strategy, with incubation pre-ceding investments, gradual ramp-up, and roll-out across countries, proposed to foster an enabling environment

The impact-first features of the capital deployment strategy...

... support creation of an enabling environment



Incubation First

The **investment strategy begins with grants** (via the incubation layer) in each country, supporting early-stage, high-risk businesses in vulnerable settings



Phased Deployment

As businesses mature and enabling conditions improve, the Fund **transitions into concessional and impact-linked loans**, including follow-on capital to sustain high-performing enterprises



Regional Scaling

The phased investment strategy **gradually scales support regionally** across the three fragile and conflict-affected countries selected, in order: Somalia, Ethiopia, and Kenya

Early incubation with grants provides catalytic support for young enterprises operating in volatile environments, where commercial capital is scarce and business models are still evolving

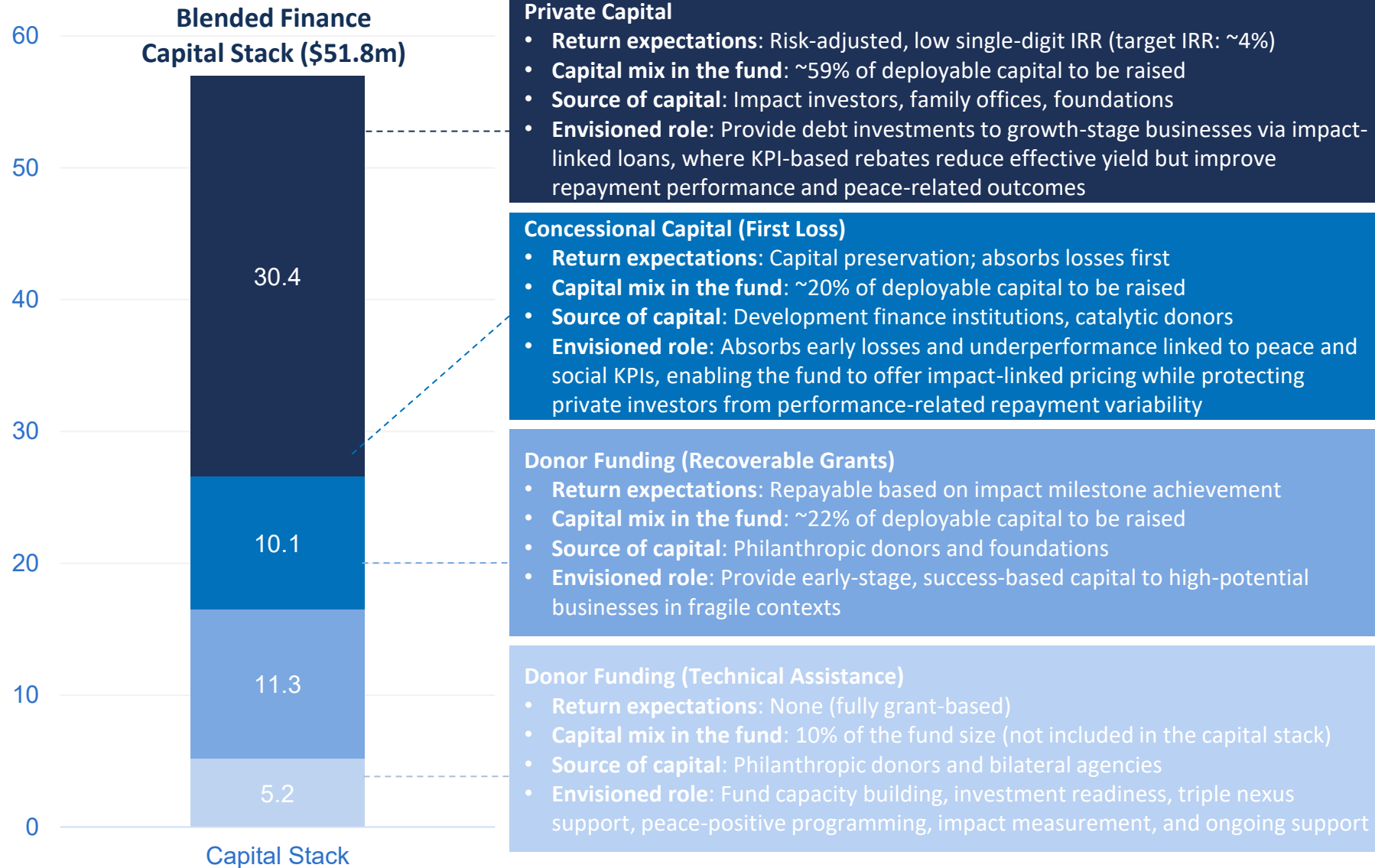
Sequenced deployment **allows time for learning, adaptation, and relationship-building** in each context, essential for fragile settings; follow-on funding provides sustained support to impact-focuses enterprises, enabling scale and resilience

The **geographically staggered rollout** ensures fund management can remain **agile, context-responsive**, and focused on quality over quantity in the early years



Over the investment period of 10 years and the total fund life of 14 years, the HDP fund will support a maximum of 80 businesses across 5 countries by disbursing 50 recoverable grants and 30 individual impact-linked loans, with an additional 10 follow-on funding loans to existing investees

The capital stack is designed to support and promote high-potential businesses in fragile contexts while improving access to capital by offsetting risk of private investors



Private Capital

- **Return expectations:** Risk-adjusted, low single-digit IRR (target IRR: ~4%)
- **Capital mix in the fund:** ~59% of deployable capital to be raised
- **Source of capital:** Impact investors, family offices, foundations
- **Envisioned role:** Provide debt investments to growth-stage businesses via impact-linked loans, where KPI-based rebates reduce effective yield but improve repayment performance and peace-related outcomes

Concessional Capital (First Loss)

- **Return expectations:** Capital preservation; absorbs losses first
- **Capital mix in the fund:** ~20% of deployable capital to be raised
- **Source of capital:** Development finance institutions, catalytic donors
- **Envisioned role:** Absorbs early losses and underperformance linked to peace and social KPIs, enabling the fund to offer impact-linked pricing while protecting private investors from performance-related repayment variability

Donor Funding (Recoverable Grants)

- **Return expectations:** Repayable based on impact milestone achievement
- **Capital mix in the fund:** ~22% of deployable capital to be raised
- **Source of capital:** Philanthropic donors and foundations
- **Envisioned role:** Provide early-stage, success-based capital to high-potential businesses in fragile contexts

Donor Funding (Technical Assistance)

- **Return expectations:** None (fully grant-based)
- **Capital mix in the fund:** 10% of the fund size (not included in the capital stack)
- **Source of capital:** Philanthropic donors and bilateral agencies
- **Envisioned role:** Fund capacity building, investment readiness, triple nexus support, peace-positive programming, impact measurement, and ongoing support

Capital Stack Design

This blended capital structure is tailored for fragile and displacement-affected contexts where early-stage enterprises face high risk and limited access to finance.

- **Concessional** is not only embedded through capital structure, but also via upstream risk mitigation enabled by peace-aligned TA.
- **Donor grants and concessional capital** absorb early losses, enabling risk-tolerant incubation and protecting private investors.
- **Private capital** is mobilized through a de-risked structure, focused on outcome-linked lending.
- **TA Facility** includes embedded de-risking functions through peace-aligned support, improving investee performance and repayment reliability.
- The structure incorporates **variable recovery rates** and **impact-linked rebates**, ensuring that repayments are tied to verified performance and peace-positive outcomes

The stack balances risk, return, and impact — unlocking capital for peace-positive businesses in fragile, conflict-affected, and displacement-prone markets

The complex operating conditions within the target geographies are woven into the key assumptions of the financial model, and validated against available data



Fund Level Assumptions

- Start year: 2026
- **Investment period: 10 years**
- Fund life: 14 years
- Management fee: 3% of committed capital
- **Target IRR for private capital providers: 4%**
- Impact-linked incentive: 2% of committed capital, triggered at 50% impact KPI success
- Progression from Window 1 to Window 2 is conditional on meeting success thresholds (i.e., rewards-based repayment)



Instrument Assumptions

- **Recoverable Grants (Window 1)**
 - Average size: **\$100k–\$500k**
 - Average recovery: 40%, over 3 years
 - Repayment based on success of meeting impact KPIs
- **Impact-Linked Loans (Window 2)**
 - Average sizes: **\$0.7M–\$1.5M**
 - Tenure: 5 years, 1-year grace
 - Rebate: up to 5% for impact achieved (measured in terms of impact KPIs)
 - Estimated repayment rates (base rates with no TA uplift): 75% (high risk) to 85% (low risk)



Macroeconomic/Pricing Inputs

- **Components of the interest rate build up:**
 - DFI base rate: 2%
 - Country risk premiums: 7.5–13.7%
 - FX risk: 3–5%
- Total expected loan pricing: 14.5–22.7% (**concessional** as compared to typical local interest rates in each respective country)
- Default/repayment logic aligned with risk tiering

Sources used to validate assumptions: For ticket sizes: PWC's MSME 2024 survey report; IFC's Market Bite report; and committed grant sizes of philanthropic funders like the Gates Foundation; for interest rates: the DFI rate is taken as the lower end of the typical concessional debt rates offered by IFC, ADB, etc, i.e., 2-6%; country risk premiums are based on sovereign bond spreads and risk rating agencies; FX risk is based on historical annual depreciation

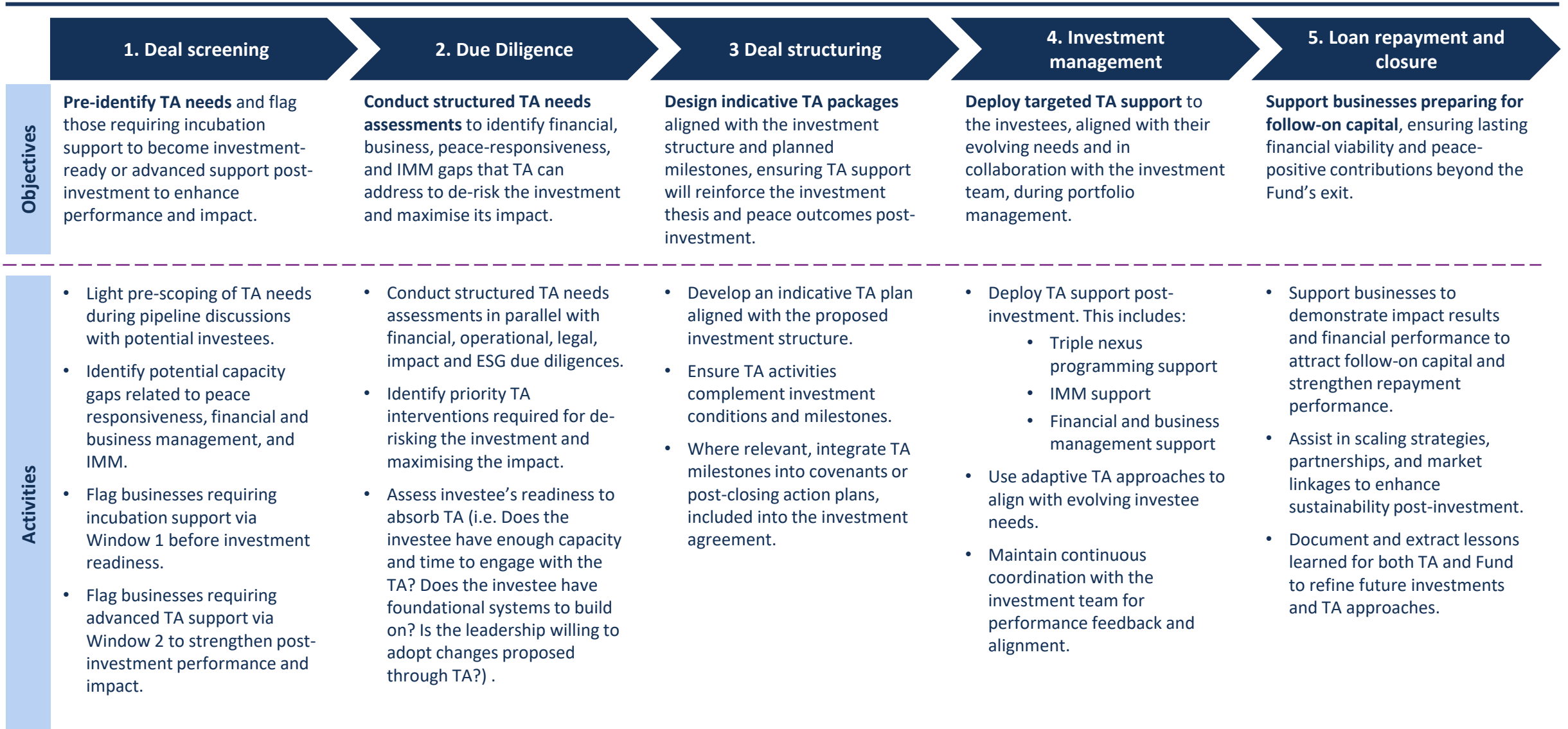
The TA Facility is designed as a grant-funded mechanism providing pre- and post-investment support through a hybrid delivery model, enhancing investees' resilience, peace responsiveness, and scalability

Characteristics	Description
 <p>Governance</p>	<ul style="list-style-type: none"> The HDP Fund will adopt a linked TA Facility model, with a dedicated management structure operating alongside the Fund. This model offers greater flexibility and neutrality in the design and delivery of TA support. It also ensures operational independence and facilitates collaboration with a diverse set of implementation partners, including peace partners, M&E providers, local service providers.
 <p>Funding</p>	<ul style="list-style-type: none"> The TA Facility will be grant-funded by donors The sizing of the TA Facility will represent approximately 10% of the total fund size, aligned with benchmarks from similar funds More details on the funding can be found in Section 4 TA Facility preliminary budget
 <p>Goal of TA interventions</p>	<ul style="list-style-type: none"> The goals of the TA Facility include: <ul style="list-style-type: none"> Strengthen the peace responsiveness of business models by supporting investees in designing and adapting operations that contribute meaningfully to peace outcomes Build investment ready and resilient businesses by strengthening their financial, strategic and operational capabilities Create enabling conditions for investments in conflict affected and fragile contexts
 <p>Timing of the TA</p>	<ul style="list-style-type: none"> The HDP TA Facility will focus primarily on post-investment support, reflecting the Fund's objective to strengthen and scale promising peace-positive enterprises after capital deployment. In Window 1 (Incubation), a limited share of TA may be used for pre-investment scoping, such as assessing business models, investment-readiness diagnostics, and alignment with peace outcomes, primarily to inform funding decisions and prepare enterprises for Window 2 investment.
 <p>Delivery model</p>	<ul style="list-style-type: none"> The HDP Fund will adopt a hybrid delivery model: <ul style="list-style-type: none"> In-house: Financial and business management assistance will be provided by the Fund's investment team and selected investors, ensuring strong alignment with investment activities External: Triple nexus support and IMM assistance will be delivered by specialised partners (e.g., peace partners, local experts, M&E providers), bringing in context-specific and technical expertise

The HDP Fund provides targeted TA activities to support peace-positive businesses through incubation and investment windows, tailored to their stage of growth and impact

TA Facility pillars	TA enables investees to:	Window 1	Window 2	Cross Cutting
Triple nexus programming support	Co-design and integrate Peace Enhancing Mechanisms (PEMs) with local stakeholders and communities to address conflict drivers (Window 1: piloting PEMs; Window 2: scaling and anchoring PEMs across operations)	✓	✓	✓
	Apply PFIF-aligned frameworks for peace certification readiness and independent verification			✓
	Develop conflict-sensitive business models and strengthen adaptive management practices to navigate fragile settings (W1: basic risk awareness; W2: advanced risk and stakeholder management).	✓	✓	✓
	Embed peace outcomes tracking into operational processes for continuous learning and peace impact accountability			✓
Financial and business management support	Strengthen financial management, operational resilience, and governance to operate in FCAS (W1: foundational business basics; W2: scaling, liquidity, crisis management, and performance risk mitigation to support repayment)	✓	✓	✓
	Achieve investment readiness and alignment with peace-positive objectives (W1: pipeline preparation; W2: preparing for follow-on capital)	✓	✓	✓
	Develop inclusive market linkages and value chains aligned with peace-positive practices (cross-cutting, adapted to growth stage)			
	Navigate legal and regulatory pathways in fragile markets to ensure compliant and resilient business operations (W1: market entry; W2: expansion across geographies)	✓	✓	✓
IMM support	Track and interpret peace outcomes using PFIF-aligned IMM systems (cross-cutting, with W1 focusing on foundational IMM setup and W2 on advanced dashboards for strategic decision-making)	✓	✓	✓
	Engage in independent verification processes for peace outcome reporting			✓
	Use data to refine business models for greater peace and market impact (W1: initial learning cycles; W2: adaptive management for scale)	✓	✓	✓
	Facilitate ecosystem learning and peer exchange to strengthen sectoral knowledge on peace finance practices			✓

The TA Facility systematically aligns with each stage of the investment cycle, ensuring tailored and timely support that de-risks investments and maximizes peace-positive impact





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The HDP Fund will initially focus on Somalia as a pilot to demonstrate impact



Somalia is the Fund’s ideal launch geography, offering both urgent humanitarian need and strong entry conditions for early **peace-aligned enterprise support**. Despite decades of conflict, climate shocks, and displacement, Somalia’s economy has shown surprising resilience, supported by a growing entrepreneurial fabric and one of the world’s most active diaspora financing networks. This combination creates a **high-need, high-potential environment** for demonstrating the value of targeted humanitarian-development-peace interventions. Beginning in Somalia allows the Fund to **prove implementation feasibility, validate operating systems, and deliver early impact signals** that will guide expansion to Ethiopia, Kenya, Nigeria, DRC and Burkina Faso.

HDP peace nexus



Humanitarian: Somalia has one of the highest levels of displacement, with millions affected by protracted conflict, droughts, and floods. Recurrent climate shocks strain essential services, while the migration places acute pressure on already fragile systems. These stresses create an urgent need to stabilize livelihoods and reduce extreme vulnerability.



Development: Somalia’s economic landscape is constrained by limited infrastructure, low human development indicators, and chronic food insecurity. While job opportunities are scarce, MSMEs form the backbone of the economy and offer a promising channel for scalable development impact when supported with capital, capacity, and market access.



Peace: Security challenges persist, driven by ongoing conflict, localized violence, and communal tensions intensified by resource scarcity, disrupting markets and restricting mobility. Strengthening peace-aligned enterprises and economic networks creates stabilizing effects, helping communities build resilience and reducing conflict.

Expected outcomes



High impact potential: Somalia’s combined pressures of displacement, poverty, climate vulnerability, and insecurity create a landscape where targeted enterprise support generates immediate and meaningful change. The scale and intensity of need mean that even modest interventions can produce outsized humanitarian and peace-building impact.



Sustainable model launchpad: Despite its challenges, Somalia has a dynamic entrepreneurial base, high mobile-money penetration, and a fast-growing services sector. These features make it a pragmatic starting point to test the Fund’s model, refine operational pathways, and build systems that can be replicated across future countries.



Addressing critical needs: The pilot focuses on enterprises addressing high-priority gaps in livelihoods, food security, basic services, and stability. By supporting these actors, the Fund aims to strengthen community resilience while building evidence for a scalable, sustainable approach to peace-positive investing.

The HDP Fund will not rigidly pre-select sectors but will prioritise those with high peace-positive potential in fragile and conflict-affected settings

The Fund **does not rigidly pre-select sectors** but draws from the PFIF to prioritise those with demonstrable peace-positive potential and investability in fragile contexts.

These sectors typically:

- **Have a track record of relevance in peace-oriented investment or recovery contexts;** and/or
- **Address strategic needs in fragile settings,** such as inclusion, service access, or intergroup cooperation.



Logistics and trade facilitation

Enhancing cross-border trust, reducing friction among mobile populations, and supporting market integration in conflict-affected areas



Food system resilience

Addressing resource-based tensions, supporting rural livelihoods, and enabling local economic stability



Climate adaptation and infrastructure

Promoting equitable access to land and services, mitigating climate-related conflict risks, and ensuring conflict-sensitive planning



Governance and public service delivery





Reinforcing institutional legitimacy, rebuilding trust in state and non-state actors, and improving inclusive access to basic services



Preliminary linkages between sectors and geographies have emerged based on known conflict dynamics, displacement patterns, and economic exclusion. These will inform initial scoping and prioritisation. Examples include early warning systems in South-Central Somalia, fodder systems in Northern Nigeria, and vocational hubs in Centre-Nord Burkina Faso.

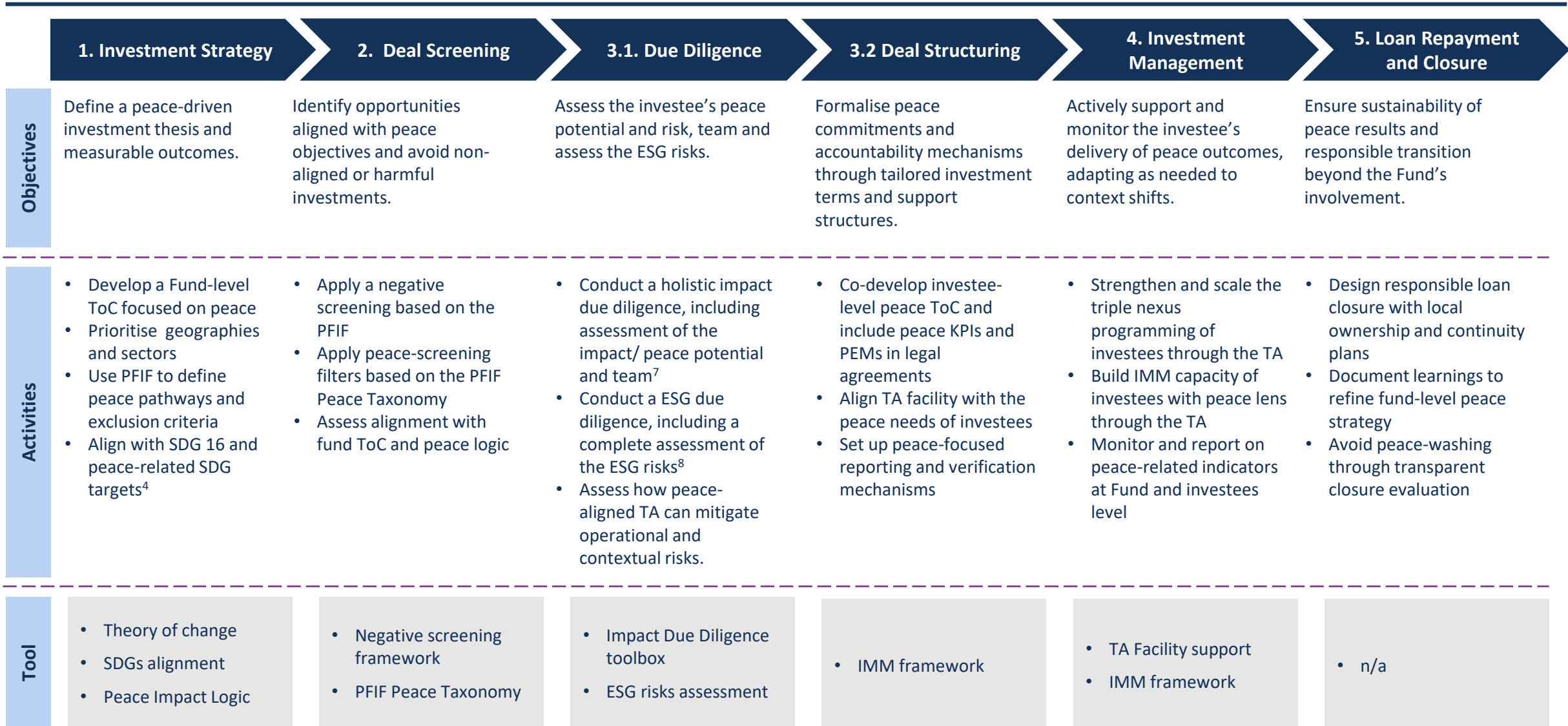
The **TA Facility** will play a key role in **validating and structuring these linkages**.

The fund will target small to medium sized enterprises, in the early and growth stages, that need funding ranging from \$100k to \$1.5m

	Description of operations	Scale	Stage	Funding needs
	PeaceGold is an innovative business that supports ethically mined gold from conflict-affected areas in Ituri, DRC. It helps miners access legal markets, improve working conditions, and eliminate detrimental practices such as child labour and mercury use	Supports 11 Congolese artisanal and small-scale gold mining (ASM) cooperatives supplying a total gold production of 52kg per month	Early Stage Under development ¹	~\$100k to \$1m
	Renewvia develops solar power systems for businesses and refugee settings, ensuring reliable electricity access in Kenya, with plans to expand to other fragile contexts	Operates over 20 community mini-grids across Kenya and Nigeria, serving more than 20,000 individuals through approximately 4,300 residential and business connections	Maturity Stage Created in 2008	~\$1m (TBC)
	KIMS is the Somali market leader in the provision of Sharia compliant microfinance services, by partnering with organisations like UNHCR ¹ and the ARC ² to develop microfinance programs for refugee returnees and IDPs	Has provided over \$14 million in financing to more than 13,700 clients with an active portfolio of more than 4,150 clients worth \$3.8 million	Growth Stage Created in 2014	~\$1m (TBC)
 <p>M'Care Health</p>	M'Care is a Nigerian-based social enterprise that leverages AI and mobile technology to provide equitable healthcare access to underserved populations, including IDPs and those affected by displacement	Trained and engaged 322 healthcare workers in under-resourced communities. M'Care has addressed over one million primary care cases	Growth Stage Created in 2017	~\$100k to \$1m

¹PeaceGold has operated for more than 10 years in DRC through groundwork, partnerships, and completed pilot projects as a proof of concept. They are aiming to formalise this work by developing a corporate entity around DRC operations.

The HDP Fund will follow a 5-step investment process that fully integrates a peace lens throughout the end-to-end investment lifecycle



Note: All steps of the investment process will be led by the investment team. The Head of Impact and impact team will provide guidance and recommendations to the Investment team regarding the peace lens of the investees

The investment, incubation and sourcing strategy follows the fund's Theory of Change which aims to achieve resilience and social cohesion for DACs through peace-positive businesses

<i>Inputs</i>	<i>Outputs</i>	<i>Mid-term outcomes</i>	<i>Long-term outcomes</i>	<i>Impact</i>
Grant-based impact-linked capital is provided to businesses to establish or consolidate DAC support	Small to medium size early-stage businesses supported to consolidate their existing DAC support.	Improved viability and scalability of early-stage businesses serving DACs	Business models serving DACs scale regionally and attract commercial capital	Displacement-affected communities in the target countries achieve greater self-reliance, resilience, and social cohesion through business-led, peace-positive development
Concessional and de-risked impact linked debt is provided to businesses to consolidate or expand DAC support	Investment ready businesses supported to operate in or expand to DACs within the Fund's target geographies	Increased sustainable growth stage businesses operating in or reaching DACs		
Financial and business management capacity building is offered to businesses	Businesses supported to enhance their investment readiness and business management	Improved financial resilience and investment readiness among supported businesses	A stronger pipeline of investable peace-positive enterprises emerges in fragile contexts	
Triple nexus programming support is provided to businesses with a specific focus on peace	Businesses supported to design or adapt products and services to the needs of displaced and host communities	Expanded access to affordable and context-relevant products and services for DAC populations	Private sector actors actively contribute to social cohesion and conflict sensitive development	
	Businesses supported to incorporate a peace-positive lens in their operations	Peace-sensitive practices embedded in businesses in fragile contexts		
	Cross-sector partnerships facilitated between businesses and other actors	Increased collaboration between business and HDP stakeholders		
Impact monitoring and reporting support is provided to businesses	Improved data and tools for impact monitoring and peace-sensitivity incorporated by businesses	Enhanced capacity to track, report and act on peace and impact outcomes among businesses	Evidence base for peace-positive investing grows, informing donors, investors and practitioners	Private sector presence becomes a consistent peace-positive driver of livelihoods and economic opportunity in DACs

The fund will support refugees, IDPs and host communities, with a focus on vulnerable subgroups, including women, youth and persons with disabilities

Main Groups	Target Groups	Description	HDP Focus
Protracted Displacement Groups	Long-term Refugees	Individuals displaced for extended periods, often in camps or integrated into host communities. They require sustainable livelihoods, education, and peacebuilding	Focus on long-term development and peacebuilding goals, particularly economic integration and sustainability
	Protracted IDPs	Individuals displaced within their own country for long periods, facing chronic vulnerability	Focus on social cohesion, economic integration, and resilience, aiming for reintegration and sustainable solutions
Vulnerable Subgroups	Women, Youth, and Persons with Disabilities	Groups facing compounded vulnerabilities due to gender inequality, lack of education, and limited access to livelihoods	Empowerment through education, economic opportunities, and social inclusion, and strengthened community cohesion
	Economically Excluded Groups	Individuals facing poverty, economic marginalization, and limited access to basic services	Focus on economic resilience and sustainable solutions, addressing poverty and economic inequality
Host Communities	Direct Hosts	Communities that host displaced populations, often under significant economic, social, and infrastructure strain	Focus on building social cohesion and community resilience through economic support and peacebuilding initiatives

The Fund will use the Refugee Investment Network’s definitions to assess the refugee/ IDP lens of potential investees

R1: Refugee-Owned

Enterprise is at least:
A. **51% Refugee-Owned**; OR
B. **20% Refugee-Owned and have at least one refugee listed as a “key person”** in operating documents

R2: Refugee-led

Enterprise has:
A. At least **one refugee in senior management** (e.g., CEO, CFO or COO); OR
B. A **board with at least 33% refugee** representation.

R3: Refugee-supporting

A project that provides or has the potential to provide a **good or service that supports humanitarian efforts**; or, an enterprise or investment that **intentionally supports refugees** through the development of infrastructure and services that buttress stability in disproportionately large displacement hosting cities/communities **by providing infrastructure, jobs** (a commitment of at least 20% of workforce), **skills, products, or services to refugees** that demonstrably improve the quality of refugee self-reliance, resiliency, health, education, or inclusion in financial markets.

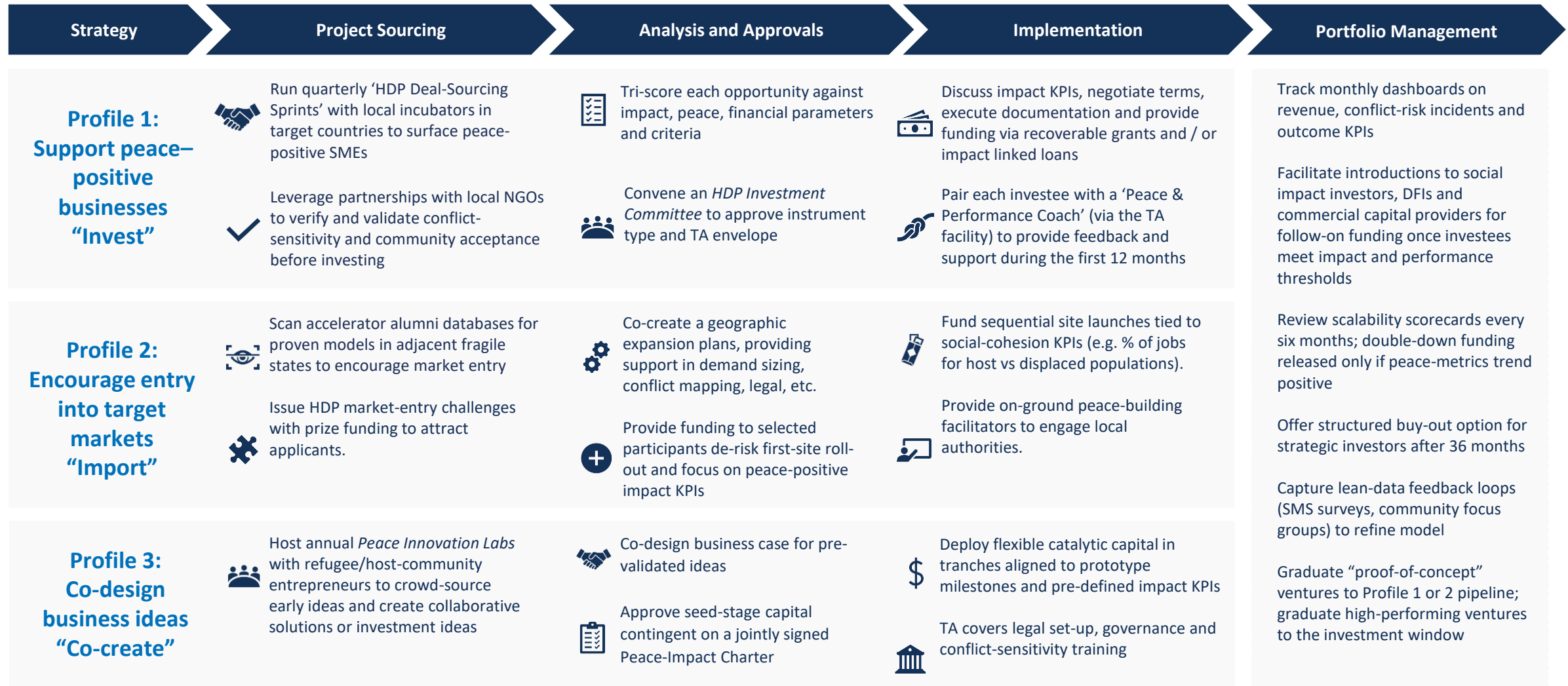
R4: Refugee-supporting, host-weighted

If they **support host community businesses** and the sponsor commits to adopt a policy to source **at least 10% of all sub-contracting for the project from refugee-owned businesses**. Deals must demonstrate either a minimum current percentage of refugee jobs or a commitment to increase their hiring within a reasonable timeframe to that level.

R5: Refugee-lending facility

A debt instrument will be considered a Refugee Investment if **refugee-owned/-led enterprises, refugee-supporting enterprises, or refugee borrowers will be the recipients of at least 25% of the loan proceeds**.

Three-pronged investment strategy to support peace-positive businesses, encourage social businesses to expand into target geographies, and co-create relevant business profiles



The deal screening process will begin with the peace lens and focus on businesses that improve peace outcomes within conflict- and displacement-affected communities

The initial screening includes the following eligibility criteria

 <p>Product / service Minimum viable product/service that supports the needs of displacement-affected communities (DACs)</p>	 <p>Peace-positive lens Peace-positive product or service that fosters inclusion, conflict sensitivity, or resilience in fragile settings</p>	 <p>Geographic focus Businesses registered in HDP Fund focus countries (Somalia, Ethiopia, Kenya, Nigeria, DRC, Burkina Faso)</p>	 <p>Intentionality Focus on peacebuilding and local leadership, especially inclusion of DACs in governance or staffing</p>
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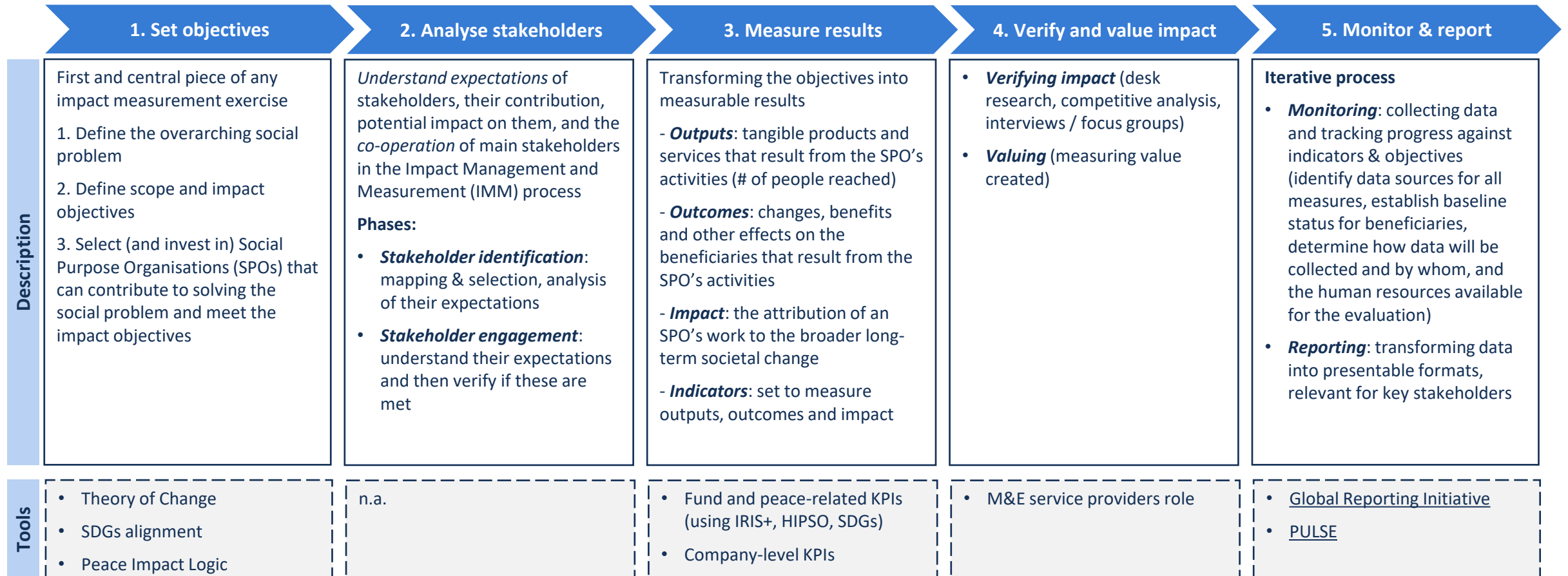
Investment candidates must pass a secondary screening such as the following indicative framework:

	Stage fit	Prob statement	Team inclusivity	Market traction	Market potential	Business viability	Peace focus
Incubation window	Early-stage or proof-of-concept ventures; turnover < USD 0.5 m	Clarity on the displacement or peace problem & why a grant risk-buffer is needed	Founders/management include displaced or host-community members	Path to pilot or first-site launch within 6 months	Scalability in fragile settings proven via demand assessments	Early revenue logic documented; break-even scenarios mapped in TA	Alignment with Refugee/IDP lens R-criteria R1-R4
Investment window	Growth-stage SMEs with ≥ 12 months revenue history	Evidence the solution is already solving the DAC problem and needs scale capital	Capacity to manage debt; governance and audit systems in place	Demonstrated sales traction or contracts in DAC markets	TAM/SAM validated; identifiable route to regional scale	Full financial model shows ability to service concessional or impact-linked debt	Same, but assessed at scale and weighted host-vs-refugee benefit

The Impact Management and Measurement (IMM) framework is a five-step circular process that the HDP Fund will reiterate over time and customise through a Peace Finance lens



An **Impact Management and Measurement (IMM)** framework is a systematic approach to **defining, monitoring, and evaluating** the social and environmental **outcomes** of a **portfolio of investments**. An IMM framework sets the principles and criteria to **assess investments' potential impact** and confirm their **alignment with the fund's impact objectives** (pre-deal) but also to **monitor the impact** of their portfolio of investments (post-deal).





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Fund Management Team - Shuraako Capital

About Shuraako Capital

- Non-profit fund manager that provides growth capital and TA to SMEs in fragile and conflict-affected settings
- Provides 5-year, Sharia-compliant debt product to Somali SMEs
- Has supported over 200 Somali SMEs since 2013, across 4 separate lending projects
- First SME lending facility to incorporate conflict sensitivity into portfolio vetting and monitoring

Funds Managed

- Arsenault Family Foundation Lending Program
- Somali AgriFood Fund
- Somali Youth Enterprise Fund
- Nordic Horn of Africa Opportunities Fund

About the Nordic Horn of Africa Opportunities Fund

- Launched in 2018
- Investors: Norfund, IFDK, Swedfund, Arsenault Family Foundation
- Total investments: \$29.9 million
- Companies supported: 99
- PAR90: 30.8%
- Jobs created: 11,751

Portfolio sectors

- Manufacturing and light industry
- Renewable energy
- Agriculture, fisheries, and livestock
- Water and sanitation
- Services (hospitality, healthcare)
- Construction






Shuraako Leadership Team

- Jon Bellish (ED & COO): led Shuraako through its incubation process; Chairman of the Board of the Cashmere Fund, the first VC fund open to non-accredited investors.
- Mahat Mohammed (VP, Horn of Africa): former CEO of two Somali Banks (Premier & IBS); former Chairman of the Somali Banker's Association; former head of Islamic Banking at Standard Chartered Bank
- Abdirahman Hashi (Director, Somaliland): former Deputy Head of Internal Audit at Dahabshiil Group, Somalia's largest financial services institution
- Meghan Bruso (VP Finance & Compliance): former Finance and Accounting Principal at Western Union Foundation; former auditor at Taylor, Roth, and Company

Shuraako's role in the HDP Fund

- Pipeline development
- Company due diligence (economic, ESG, & conflict sensitivity)
- Loan disbursement and monitoring
- Collections, re-structures, and recoveries
- *Note: Investments in Somalia will be made through the Nordic Horn of Africa Opportunities Fund*

Shuraako Capital was selected as HDP Fund asset manager following a structured outreach process across five fund managers

Fund Managers	Relevance	Current Status
	<p>Impact-focused fund manager, with 136 open investments; \$29.9m deployed via Nordic Horn of Africa Opportunities Fund since 2018. First SME facility in Somalia to incorporate conflict sensitivity.</p>	<p>Confirmed. Selected as confirmed fund and asset manager. Deploying own capital through the HDP Fund pilot via KIMS Microfinance, considering strong aligned with the peace lens.</p>
	<p>Impact-linked finance specialist. Manages the Refugee Investment Facility (RIF) alongside the Danish Refugee Network. 29 ILF transactions across 10 countries since 2021.</p>	<p>Collaboration only. Confirmed strong conceptual alignment but declined fund manager role due to overlap with RIF mandate. Positioned as collaboration and pipeline-sharing partner.</p>
	<p>Major Swiss impact asset manager; USD 3bn+ AUM across microfinance, debt, and blended finance in emerging markets. Strong Sub-Saharan Africa track record.</p>	<p>Declined to act as fund manager. Fund size assessed as below ResponsAbility's minimum viable mandate threshold at current stage.</p>
	<p>Luxembourg-based Alternative Investment Fund Manager (AIFM) specialising in impact funds. Manages AIFM compliance and regulatory infrastructure for multiple blended finance vehicles.</p>	<p>Confirmed interest in working with HDP Fund but cannot act as fund manager. Relevant as AIFM services provider; engagement to continue as fund structure is formalised.</p>
	<p>Swiss impact fund manager; focus on social businesses in East Africa and Latin America. Experience with SME debt and impact investing in emerging markets. Introduction made via Human Planet co-founder.</p>	<p>No response. Warm introduction made in October 2025. Awaiting response and no further engagement received.</p>

Proposed Governance & Legal Structure

Governance & Oversight Layer

Governing Board

- Provides strategic oversight, fiduciary governance, and final accountability for fund performance
- Mauritius-registered Limited Partnership under FSC oversight; Shuraako Capital serves as GP and Investment Manager

Limited Partner Advisory Committee

Investor representation and alignment; reviews conflicts of interest and material changes

Impact Advisory Committee

Validates peace, inclusion, and SDG alignment; advises on impact KPIs

Peace & Impact Expert Pool

Independent advisors providing evidence and recommendations to IAC and IC

Investment Decision & Compliance Layer

Investment Committee (IC)

- Approves investments based on financial and peace criteria
- Composition: AIFM representative, Shuraako Capital, independent experts, non-voting Interpeace advisor

AIFM (Mauritius)

Ensures regulatory compliance, portfolio oversight, & risk management

Fund Management & Implementation Layer

Shuraako Capital (Fund Manager)

Leads origination, due diligence, and portfolio management in target countries

Human Planet Ventures (TA Facility Manager)

Manages Technical Assistance Facility, investor relations, and impact-linked design

Interpeace (TA Facility Partner)

Provides conflict diagnostics, Peace Effect Measures (PEMs), and peace-impact measurement

The HDP Fund will be managed by a fund manager responsible for capital deployment and supported by two specialised TA partners delivering business support and peace assurance

The staffing reflects three phases: pilot (current), fundraising and first close, and full fund launch; team expands as capital is committed

Shuraako Capital Fund / Asset Manager

Current team capacity relevant to the HDP Fund:

- Executive Director and COO
- VP, Horn of Africa
- Director, Somaliland
- VP Finance and Compliance

Role in HDP Fund:

- Pipeline development, origination, and due diligence (economic, ESG, conflict sensitivity)
- Loan disbursement, portfolio monitoring, collections and recoveries
- Geographic expansion can be led by Shuraako, who can lend in the Somali Region of Ethiopia and Djibouti once funding is in place

Team expansion plan:

- Additional scouting agents and deal team members onboarded per country phase as the fund scales beyond Somalia.

Human Planet TA Facility (Business Support)

Current team capacity relevant to the HDP Fund:

- Managing Partner
- Manager
- Analyst
- External expert consultants as required

Role in HDP Fund:

- Manages the TA Facility alongside Interpeace
- Leads business support within the TA: financial management, investment readiness, operational strengthening, and governance for investees
- Prior to launch, fundraising support and co-ordination

Expansion at first close:

- Operations manager, support analysts, and external business development consultants added as investee portfolio grows.

Interpeace TA Facility (Peace Lens)

Current team capacity relevant to HDP Fund:

- Senior peace finance advisor
- Country-level peace partners across target geographies

Role in HDP Fund:

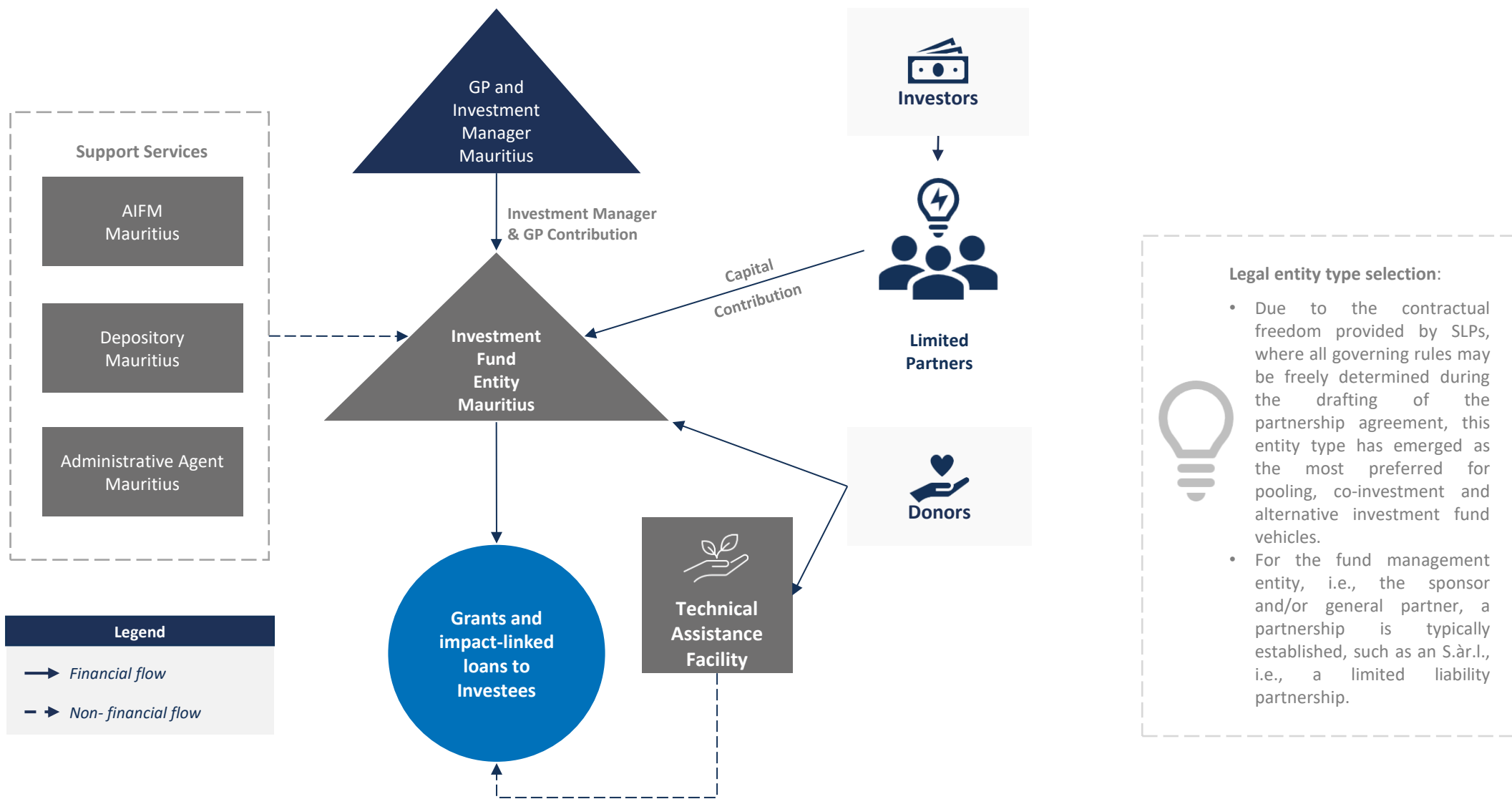
- Leads peace assurance strand of the TA Facility
- Applies the Peace Finance Standard and Peace Enhancing Mechanisms (PEMs) at fund and investee level
- Delivers conflict diagnostics, peace outcome measurement, and independent verification of peace claims

Expansion at first close:

- Peace finance advisors embedded in each target country as capital is deployed, leveraging Interpeace's existing country presence in Somalia, Ethiopia, Kenya, DRC, and Nigeria.

At the pilot stage: approximately 4-6 FTE will be dedicated to HDP Fund activities, across 3 partner organisations. At first close: the fund manager will expand the deal team and the TA Facility staffed proportionally to the investee portfolio size. Neither Human Planet nor Interpeace receives any portion of the management fee; TA Facility costs are separately grant-funded.

The indicative legal structure for HDP could have a pooling vehicle in Mauritius to anticipate the needs of foreign impact investors and DFIs



Selection of the jurisdiction for the HDP Fund structure pooling vehicle will be based on the following considerations, coupled with investor preferences...

Basis regulatory, administrative, cost and overarching tax considerations, **Mauritius** appears to be the ideal jurisdiction for setting up the pooling vehicle for the fund; however, this will be finally decided based on investor preference

Regions / Details	Luxembourg	Mauritius	Singapore	Cayman Islands
Availability of precedents	Favored jurisdiction amongst the impact investors	Tried and tested jurisdiction for pooling	Tried and tested jurisdiction for pooling	Low tax jurisdiction + ease of doing business, but limited transparency
Administrative ease	High	Comparatively lower	Comparatively lower	Easiest to manage compared to all other options
Cost	Highest	Less costly than Singapore	Less costly than Luxembourg	Least costly option
Substance requirements	AIFM takes care of the most	Comparatively lower than Singapore	Comparatively higher	Comparatively lower than Singapore
FATF status	Highly compliant - never been on "Gray list"	Not currently in "Gray list"; was included in the list from February 2020 to October 2021	Highly compliant - never been on "Gray list"	Not currently in "Grey list"; was removed from the list October 2024
Regulatory oversight and disclosure requirements	Stringent	Comparatively less stringent	Stringent	Less stringent



Notes:

- None of the above jurisdictions have tax treaties with the target countries
- Regulations have tightened post-BEPS and EU substance requirements; all jurisdictions now require minimum local presence and economic substance, though delegation through an AIFM reduces the operational burden in Mauritius

Colour Legend	Meaning
Dark Blue	Most favourable
Muted Blue	Favourable
Grey	Neutral / moderate
Purple	Not favourable

...along with the key considerations related to taxation based on the relevant investors, fund structure and jurisdictions, investment manager and investee jurisdictions

In the process of selecting an appropriate jurisdiction for the pooling vehicle, it is essential to consider various parameters. However, it is important to note that, at the current stage of the fund design, it may not be feasible to populate the following details given that the portfolio companies and the investors have not yet been confirmed, and the location of these parties will have the implications detailed below.

Parameters	Considerations
 Tax considerations basis the portfolio companies' jurisdiction of incorporation	The following will need to be analysed in detail: <ul style="list-style-type: none"> • Withholding on upstreaming from portfolio companies • Taxes on interest income and recovery of principal / grants • GAAR/ commercial substance • Tax leakages • Indirect transfers
 Other tax consideration basis the home country of the investor	<ul style="list-style-type: none"> • Tax leakage under local laws in country of tax residency • Tax leakage under local laws in the hands of offshore manager • Tax credit in home country • VAT/GST

Typically, DFI-backed funds investing in fragile and high-risk markets structure their pooling vehicles in Luxembourg, Mauritius, or Singapore

Sources: KPMG: Spotlight on: Tax considerations for alternative investment funds

Details of the legal entities commonly used in fund structuring can further help inform discussions on the design of the HDP Fund's legal structure

Legal entities such as a Special Limited Partnership (SLP / SCSp) vehicle with the investment manager / GP set up as a S. à r. l., give investors / LPs limited liability and flexible, article-based share transfer while allowing the investment manager / GP to tailor governance and peace-impact covenants.

Legal Entity Name	Abbr.	English Name	Ideal for	Managed By	Capital Movement
Société Anonyme	S.A.	Public limited liability company	Large group of investors, with a single external execution manager; allows unlimited shareholders with liability limited to their contribution	3 or more directors who may or may not be shareholders	Shares /units are transferable based on the provisions of the articles of association
Société par Actions Simplifiée	SAS	Simplified public limited liability company		A chairman who may or may not be a shareholder, or one or more executive officers	Shares /units are transferable based on the provisions of the articles of association
Société à responsabilité limitée	S. à r. l.	Private limited liability company	Small group, ideally managed by 1 or more shareholders; allows unlimited shareholders with liability limited to their contribution	1 or more managers who do not need to be shareholders	Transferring shares requires the consent of other shareholders and must be registered on the Trade and Companies Register and published
Société en Commandite par Actions	SCA	Partnership limited by shares		One GP (a shareholder with full personal liability) or a third party	Shares /units are transferable based on the provisions of the articles of association
Société en Nom Collectif	SNC	General partnership		One of the partners, typically the GP	Transfer of partnership interest requires partners' approval and must be registered
Société en Commandite Simple	SCS	Limited partnership	Small group, managed by shareholders / partners; GPs are fully personally liable but LPs have liability limited to their contribution	One of the partners, typically the GP	Transfer of partnership interest requires partners' approval and must be registered
Société en Commandite Spéciale	SCSp	Special limited partnership		One of the partners, typically the GP	Transfer of partnership interest requires partners' approval and must be registered
Special Limited Partnership	SLP	Limited partnership	Fund vehicle or co-investment vehicle	The GP, an LP or an external fund manager	Shares /units are transferable based on the provisions of the articles of association

TA Facility may be structured as a linked external vehicle rather than inside the SLP. This depends on donor requirements.

The fund's set up and management will need to focus special attention on risk management tools, particularly to manage credit and operational risks... (1/3)

	Risks and Implications	Risk management strategy
Pipeline related risks	Limited pipeline of investable businesses in fragile contexts: Delayed pipeline development slows capital deployment, raises sourcing costs and strains fund's operating costs	<ul style="list-style-type: none"> Target countries with both high need and ample pipeline opportunities to balance impact with faster deployment Collaborate with local incubators, accelerators, frontier market investors, and fund managers on pipeline sourcing Deliver incubation and acceleration support to support businesses toward investor-readiness and build a strong pipeline of peace-positive investment ready enterprises Start pipeline development early, before the fund launches to ensure investable options are available from the onset
	Gaps in investees' operations and Impact Measurement & Management (IMM) systems: Leads to inefficient implementation and failure of delivering targets, Outcomes difficult to verify and compensate for	<ul style="list-style-type: none"> Establish a strong screening criteria to select investees with strong operational and IMM systems Ensure instrument complexity and reporting requirements are proportional to investee capacity, especially for early-stage businesses. Provide a technical assistance support to investees in performance monitoring and IMM Link some financial rewards to measurable improvements in impact measurement performance
	Overreliance on non-repayable grants by target investees: Fosters dependency, delaying financial sustainability, can lead to inefficient resource use	<ul style="list-style-type: none"> Limit the amount of grant funding that is deployed in favour of concessional or impact-linked financing Deploy recoverable grants in place of traditional, non-refundable grants Target market-based solutions with a proven business model or aiming at making the proof of concept
Instrument risk	Low quality collateral from businesses eligible for debt: Can lead to higher cost of capital for businesses, and high credit risk for the fund in case of default.	<ul style="list-style-type: none"> Leverage guarantees for credit enhancement Mobilize donor funding to provide a first-loss tranche of capital Conduct stronger due diligence and credit assessment on eligible business to reduce the likelihood of default risk
	Credit Risk: Losses from defaults can reduce the fund's assets , affecting its ability to meet obligations or maintain investor confidence.	<ul style="list-style-type: none"> Thorough credit assessment of borrowers before investment ensures informed decisions Diversify investments across different borrowers, regions/ countries and sectors to spread credit risk Regularly monitor borrower performance with early intervention in case of deterioration to mitigate losses

The fund's set up and management will need to focus special attention on risk management tools, particularly to manage credit and operational risks... (2/3)

	Risks and Implications	Risk management strategy
Fundraising risk	Low investor appetite for fragile settings: can restrict fund's ability to raise capital, undermining the fund's mission, also increase reliance on a smaller pool of risk-tolerant investors, potentially raising the cost of capital .	<ul style="list-style-type: none"> • Target and prioritize investors who have a track record of investing in fragile settings • Deploy de-risking mechanism through blended finance including guarantees, concessional capital and technical assistance • Leverage pilots to demonstrate success and raise larger funding tickets
	Reduced funding from donors due to shifts in priorities: can limit the fund's ability to catalyse private capital , de-risk investments and deploy highly concessional capital to deliver impact.	<ul style="list-style-type: none"> • Diversify funding sources by engaging multiple funders including philanthropic organizations, impact-first investors and organisations to reduce reliance on bilateral and multilateral donors
Security risk	Risk of conflict escalation due to external factors, including political instability: deterring investors, stifling capital deployment, and disrupting investee operations, can undermine the fund's viability in fragile markets.	<ul style="list-style-type: none"> • Adopt a phased geographic expansion approach, prioritizing relatively stable markets to build track record and mitigate early risks before gradually entering more fragile settings • Conduct conflict-sensitive due diligence to assess and mitigate risks • Structure flexible debt to accommodate potential investee disruptions • Diversify portfolios across sectors/ regions • Partner with local stakeholders/ DFIs to share risk and enhance on-ground monitoring and insights • Build contingency reserves to absorb temporary liquidity shortfalls • Require investee contingency plans to ensure operational resilience during crises • Define upfront 'stop/go/slow' thresholds for conflict or political deterioration to guide investment pacing and timely risk mitigation
	Theft and security challenges in stable Displacement Affected Communities (DACs): Threaten asset protection and operational continuity for businesses in DACs, escalating costs for security measures and insurance . Can deter investor confidence	<ul style="list-style-type: none"> • Require investees to invest in insurance products to cover key assets and protect against losses due to theft or violence • Conduct thorough risk assessments before deployment to identify and address potential security vulnerabilities in DACs • Encourage investees to conduct regular security assessments to inform operational planning and risk management

The fund's set up and management will need to focus special attention on risk management tools, particularly to manage credit and operational risks... (3/3)

	Risks and Implications	Risk management strategy
Compliance risk	Risk of potential money flows to armed or terrorist groups: Can severely damage a fund's reputation, leading to legal repercussions and loss of investor trust	<ul style="list-style-type: none"> • Conduct thorough audits and due diligence on all parties involved in transactions, including investees and intermediaries • Design investment contracts to include clauses for immediate termination if investees are linked to illicit actors. • Collaborate with local NGOs and international agencies operating in target regions to enhance information sharing and monitoring • Conduct periodic risk assessments to identify and mitigate potential vulnerabilities in the fund's operations
Currency risk	Currency volatility can reduce fund returns and liquidity , especially when local currency repayments lose value against the fund's base currency. If not managed, it can affect portfolio performance, discourage and erode investors confidence.	<ul style="list-style-type: none"> • Diversify investments across different geographic regions and currencies to reduce exposure to any single currency's fluctuations • Match the currency of investments with the currency of funding or liabilities to minimize exchange rate impacts • Secure currency risk guarantees from funders to absorb losses from extreme devaluation • Limit exposure to very volatile currencies by capping investment allocations or prioritizing markets with stable FX regimes • Regularly stress-test portfolios against potential currency shocks to inform allocation adjustments • To minimize the risk exposure to investees, the fund could consider local currency debt in stable FX regimes

...as well as ESG and impact performance related risks (1/2)

	Risks and Implications	Risk management strategy
ESG risk screening & safeguards	Country-specific ESG hot-spots: Oil-related pollution in the Niger Delta, land-tenure disputes in agricultural zones, endemic corruption risks	<ul style="list-style-type: none"> • Map investee operations against IFC Performance Standards (IFC PS) + local Economic & Social laws; flag Niger-Delta, artisanal mining & informal supply chains as red zones • Mandatory conflict-sensitivity check to ensure “do-no-harm”
	Instrument-linked exposures: impact-linked loans or counter-cyclical debt may be accelerated or suspended if investees breach ESG covenants, hurting cash-flow and portfolio ratings	<ul style="list-style-type: none"> • ESG action plans embedded in loan / recoverable grant agreements; step-down pricing when milestones reached (positive incentive) • Include “ESG event of default” clauses with cure periods rather than instant acceleration to avoid liquidity shocks
	Reputational & legal fall-out: non-compliance with IFC PS, UNGPs or local labour codes could trigger donor withdrawal and insurer refusal.	<ul style="list-style-type: none"> • Annual third-party ESG audits; spot checks led by local consultants. • Digital grievance mechanism accessible to DACs • Ring-fence TA budget for ESG training, especially on H&S, gender-based violence, child-labour remediation
Political & execution risk	Volatile security environment: insurgency in Somalia, North-East Nigeria, militias in Eastern DRC, coups in Burkina Faso could halt operations or restrict travel	<ul style="list-style-type: none"> • On-ground team plus security protocols (GPS tracking, “fly-only” rules in red zones) • Start with relatively stable corridors (e.g. Lagos, Abuja) → expand to fragile regions once track record is built
	Policy reversals & FX controls: sudden subsidy removals or FX rationing may impair debt service capacity	<ul style="list-style-type: none"> • Counter-cyclical repayment schedules; possibility to toggle from hard-currency to local-currency servicing if FX windows close • Co-invest alongside local DFIs / banks to benefit from regulatory goodwill

...as well as ESG and impact performance related risks (2/2)

	Risks and Implications	Risk management strategy
Impact performance risk	Under-delivery on peace-positive KPIs: businesses may meet financial targets yet fail to evidence social cohesion or DAC self-reliance gains.	<ul style="list-style-type: none"> Tiered rewards (interest step-downs / grant top-ups) proportional to level of KPI achievement—avoids all-or-nothing triggers.
	Data quality & attribution gaps: weak baselines, security-restricted field access, reliance on self-reported metrics.	<ul style="list-style-type: none"> Blend quantitative (jobs, revenue share of DAC clients) and qualitative (social-cohesion survey) measures; set floor/ceiling bands. Appoint third-party M&E partners; use mobile data collection and remote-sensing where access is insecure.
	Perverse incentives: investees game metrics to unlock interest rebates; risk of mission drift.	<ul style="list-style-type: none"> Quarterly impact reviews; ability to re-set targets after major contextual shocks (e.g. election violence). Fund M&E system upgrades for investees; train staff on gender-disaggregated & conflict-sensitive data collection.

