



Some Partners



entrepreneur!



Honduras



Small Business



Mozambique



Colombia



Paraguay



2022 ANNUAL REPORT

WORKING TOGETHER FOR ECONOMIC CITIZENSHIP

Fundación Capital

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YVES
MOURY

CEO & FUNDADOR DE
FUNDACIÓN CAPITAL

01 A LETTER FROM YVES

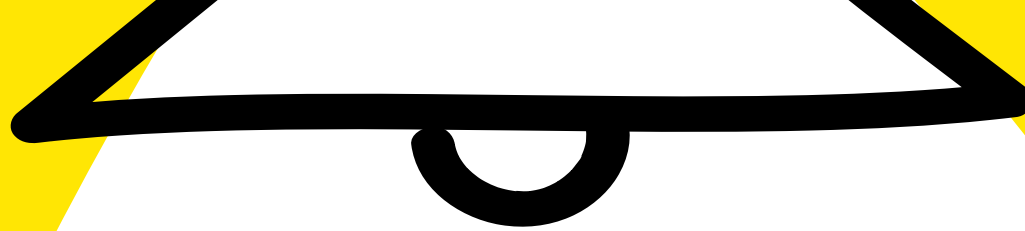
Although most people are relieved and grateful to return to “normal life” as we knew it before COVID-19, the health crisis revealed and exacerbated inequalities, systemic injustices and widening chasms in poverty. One of the lessons that the pandemic left us with is just how important it is for families to prepare for potential crises – whether it be health, socio-political, or climate-related—by strengthening their assets, livelihoods and savings. While ‘resilience’ has perhaps become a buzzword in development jargon, we are seeing how our work to improve financial health and economic inclusion is not only relevant for getting over the hurdles of poverty, but also crucial for not slipping further into poverty when calamity hits.

This year, **working alongside with more than 30 partners and 120 allies, we reached over 200,000 people by increasing access to financial services and products, strengthening livelihoods and increasing access to digital tools.** With 14 years of experience in digital innovation under our belt, we have honed and solidified our diverse portfolio of digital tools. This year our digital solutions—ranging from virtual education programs to tailored chatbot assistants—have enabled our program partners to increase the scale and impact of their initiatives. In total, our digital solutions connected 46,300 users to income generation opportunities, financial education, and reliable information on financial and digital services. Through our Graduation programs in Paraguay, Brazil and Mozambique, 40,319 families living in conditions of extreme poverty have improved economic stability for their families with sustainable livelihoods and better management of income and assets.

We will continue to promote ecosystems that summon a diversity of public and private partners to reach our vision: Give access to a wide variety of bespoke services under a data-driven platform integration framework that provides economic citizenship as a service (ECAAS).

If you are reading this report, you have most likely supported our work in some shape or form, so we thank you wholeheartedly. We firmly believe that every initiative that we embark on should be co-created and executed with a diverse array of actors, both international and local, in order to catalyze systems-level changes. Whether you are a Fundación Capital team member, donor, or partner, or merely interested in learning more about our work, thank you for being an essential part of our journey and future.

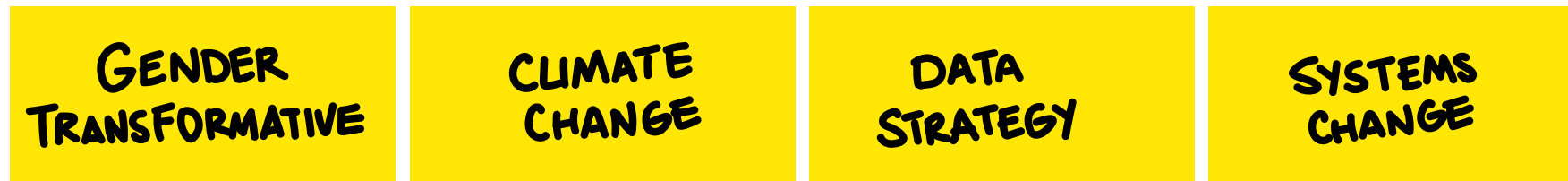
02 FUNDACIÓN CAPITAL



MISSION

WE CATALYZE DISRUPTIVE ACTIONS SO THAT PEOPLE LIVING IN POVERTY, EXTREME POVERTY, AND VULNERABILITY BECOME FULLY FLEDGED EMPOWERED ECONOMIC CITIZENS, ADVANCING THEIR ECONOMIC, FINANCIAL, AND DIGITAL INCLUSION

OUR CROSS-CUTTING APPROACH ECCAS



WHAT WE DO

FINANCIAL HEALTH AND INCLUSION

ECONOMIC OPPORTUNITIES/ LIVELIHOODS

DIGITAL INCLUSION

OUR VALUES

* CREATIVITY AND AGILE INNOVATION

* SUSTAINABILITY



* SCALABILITY

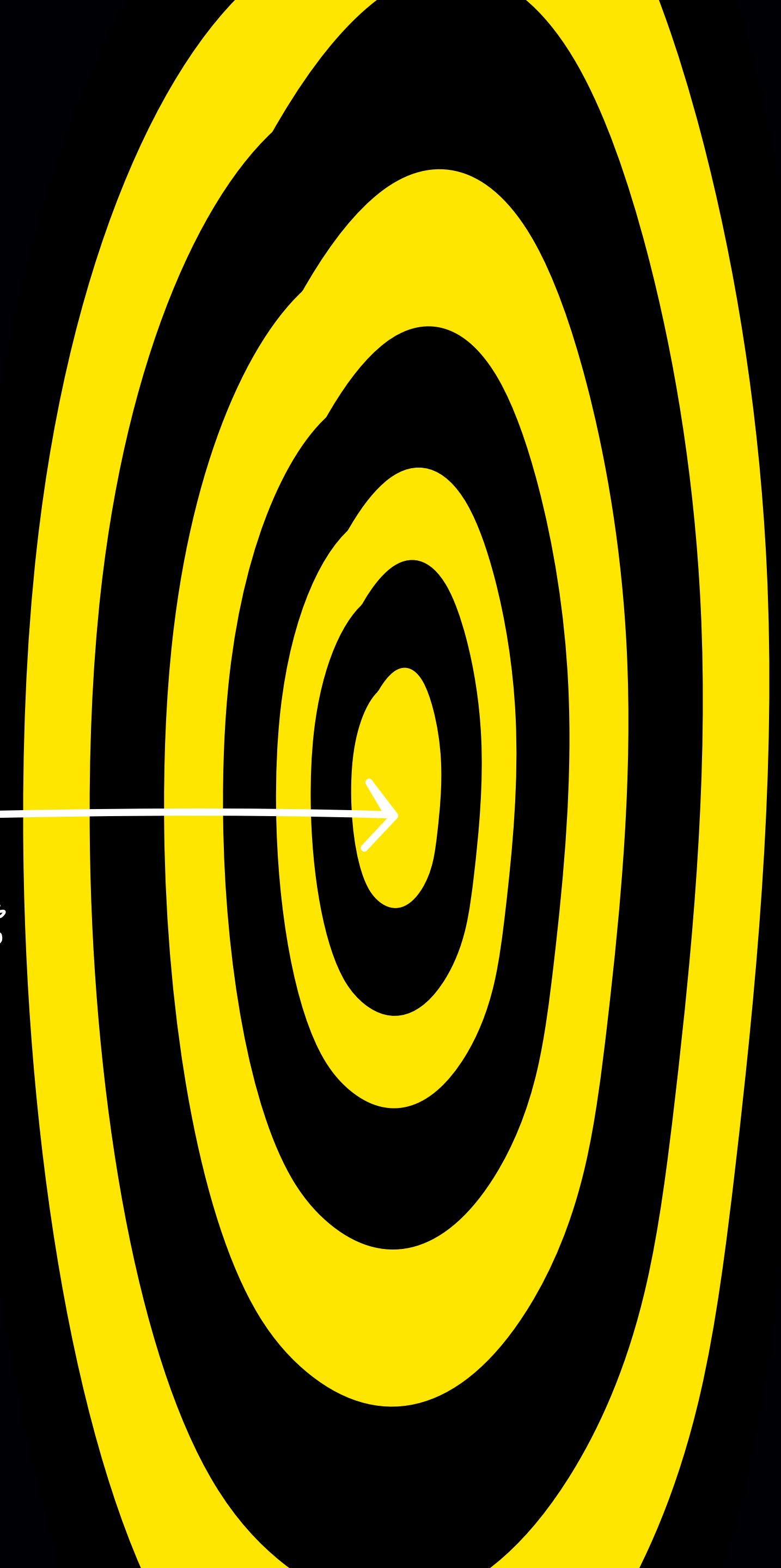
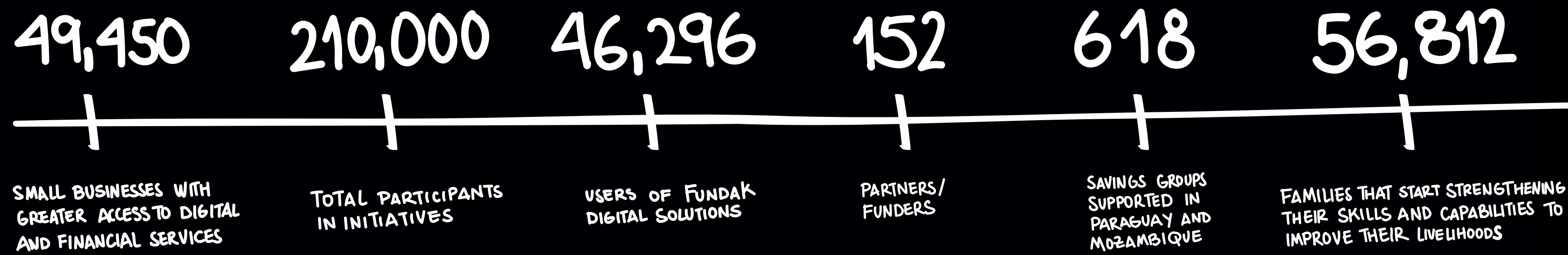
* INCLUSION

* DIVERSITY

* QUALITY

* PASSION 

03 2022 IN NUMBERS



04 EXECUTIVE SUMMARY

→ FINANCIAL HEALTH AND INCLUSION

achieving greater access to a diverse array of financial services!

In the past, financial inclusion was generally conceived as access to microcredits. However, over the past two decades, working toward financial inclusion has evolved and now means achieving greater access to a diverse array of financial services and products, including electronic payments, deposit services, savings accounts, microinsurance, and transfers.

In 2022, Fundación Capital worked to strengthen collaboration and co-creation with local and international partners, further embedding ourselves in financial ecosystems in order to promote systemic changes for populations that have been historically excluded from enjoying the benefits of the financial system. In particular, FC focused initiatives to improve bottlenecks and access to quality products and services for workers in the informal economy, migrant populations, women and micro and small enterprises (MSEs).

Strengthening financial capacities and resilience of MSEs in Latin America

MSEs are one of the most important motors of the Latin American economy. Taking stock of the pandemic's impact on small businesses reveals that not only did the pandemic accelerate the demand for modernization and digitization, but it showed that digitizing is now crucial for a businesses' survival. **With the support of partners like Mastercard Center for Inclusive Growth, Tigo, United Nations Development Programme, and Fundación Urbanismo Social, Fundación Capital is contributing to the financial resilience and growth of MSEs in Colombia, Mexico, Peru,**

With the support of
 Center for Inclusive Growth

44,558

MSEs WITH GREATER ACCESS TO DIGITAL SERVICES AND TOOLS

and Paraguay. In order to better connect MSEs to financial and digital services, FC actively coordinates with actors within financial ecosystems, which are comprised of a diverse array of public and private partners. These include public institutions responsible for creating public policies and programs that foster MSE growth; banks and microfinance institutions; fintechs and innovation start-ups, and academic institutions.

Through the financial and digital inclusion initiative **DigitAll**, Mastercard’s Center for Inclusive Growth and Fundación Capital, are partnering to support struggling micro and small enterprises (MSEs) to get back on their feet in sluggish—in some cases, volatile—economic conditions in Latin America. DigitAll is helping MSEs to navigate the dizzying and, oftentimes, intimidating world of apps, platforms and tools. In its third year of implementation, DigitAll ramped up on outreach and financial education for MSEs in Colombia, Mexico, and Peru, resulting in increased access to accurate information on digital services and tools for 44,558 MSEs.



FINANCIAL HEALTH AND INCLUSION



Additionally, 37,385 MSEs are using digital tools, such as mobile payment platforms and sales and inventory tracking apps, to improve productivity and business administration.

Red Nodus: One-stop shop for digital services for MSEs

The digital platform RedNodus is a curated consolidation of digital services and products available for small businesses in Colombia, Peru, Mexico to know, compare and access in an easy and agile way to different digital solutions designed to simplify the administration and business management.

+8000 RED NODUS USERS



NORA'S DIGITAL JOURNEY

FINANCIAL HEALTH AND INCLUSION

Nora is the owner of a bodega (small grocery store) in San Juan de Lurigancho, Peru. With more than 1 million inhabitants, it is the most highly populated district in the country.

Like most bodegas in the region, Nora's is a family business, where both her husband and son work. However, there is one trait that makes Nora's bodega stand out – it is digitalized.

Although Nora was eager to modernize her bodega and differentiate herself from the growing competition in her neighborhood, she had trouble navigating the sometimes, intimidating world of digital apps and tools. Through the DigitAll initiative, NORA installed an intelligent point-of-sale (i-POS) tool that digitally scans and records sales, keeps track of inventory and sales, and prints receipts.

Nora's experience is an illustration of the importance of women's role as a driving force for digitalization. According to an internal study by Fundación Capital, conducted in Mexico and Peru in 2020, women entrepreneurs have less resistance to digitalization than their male counterparts. They also attributed greater importance to the possible benefits of digitizing processes and showed less risk aversion in the face of challenges of the digital journey.

“SALES IMPROVED AND PEOPLE WERE EXCITED ABOUT THE MACHINE. THEY COME SHOP HERE JUST TO SEE THE MACHINE”

CLICK!
WANT TO READ ABOUT NORA?

WANT TO WATCH A VIDEO ABOUT NORA?

Financial inclusion with a gender approach in Colombia

In Colombia, as in the rest of Latin America, challenges to closing gaps in access to financial services for women remain prevalent. According to the 2021 Financial Inclusion Report prepared by Banca de las Oportunidades and Superintendencia Financiera de Colombia, women were still behind men by 6.4 percentage points in accessing the financial system (87.1% women and 93.5% men).

In the USAID-supported initiative Protagonistas, Fundación Capital is working alongside CoreWoman and the Cooperativa Financiera de Antioquia (CFA), financial cooperative which serves roughly 73,600 people with financial products, to pinpoint and address the barriers that women face in accessing financial services, especially commercial capital, using a systemic approach. Protagonistas works on four spheres:

It started by identifying unconscious gender biases in the cooperative's policies and among personnel of CFA, as well as among female clients or potential clients, that could prevent women's access to credits and other financial products. Based on this, the financial cooperative started implementing an action plan oriented to reduce these barriers.

Aligned with Fundación Capital's principles of people-centered programming, the initiative integrated a qualitative study with women in Antioquia to identify the most important barriers and motivations to accessing financial information and services. As a result of this study, an Integral Attention Route for women was co-created, which integrates 14 newly developed financial products of credit, savings, and insurance, with complementary non-financial services of business strengthening and financial education, built according to the needs, expectations, characteristics and motivations identified among women in Antioquia.

“AS WOMEN AND STAY-AT-HOME MOMS, WE OFTEN TIMES NEGLECT OURSELVES ... WE DO NOT SEE THAT WE ARE CAPABLE OF GETTING AHEAD BY STUDYING, TRAINING OURSELVES SO THAT OUR DREAMS COME TRUE. MY SUGGESTION IS THAT THE ENTITIES PROVIDE US WITH TRAINING AND SUPPORT, APART FROM THE LOAN, SO WE CAN MOVE FORWARD WITH THE BUSINESSES WE WANT.”

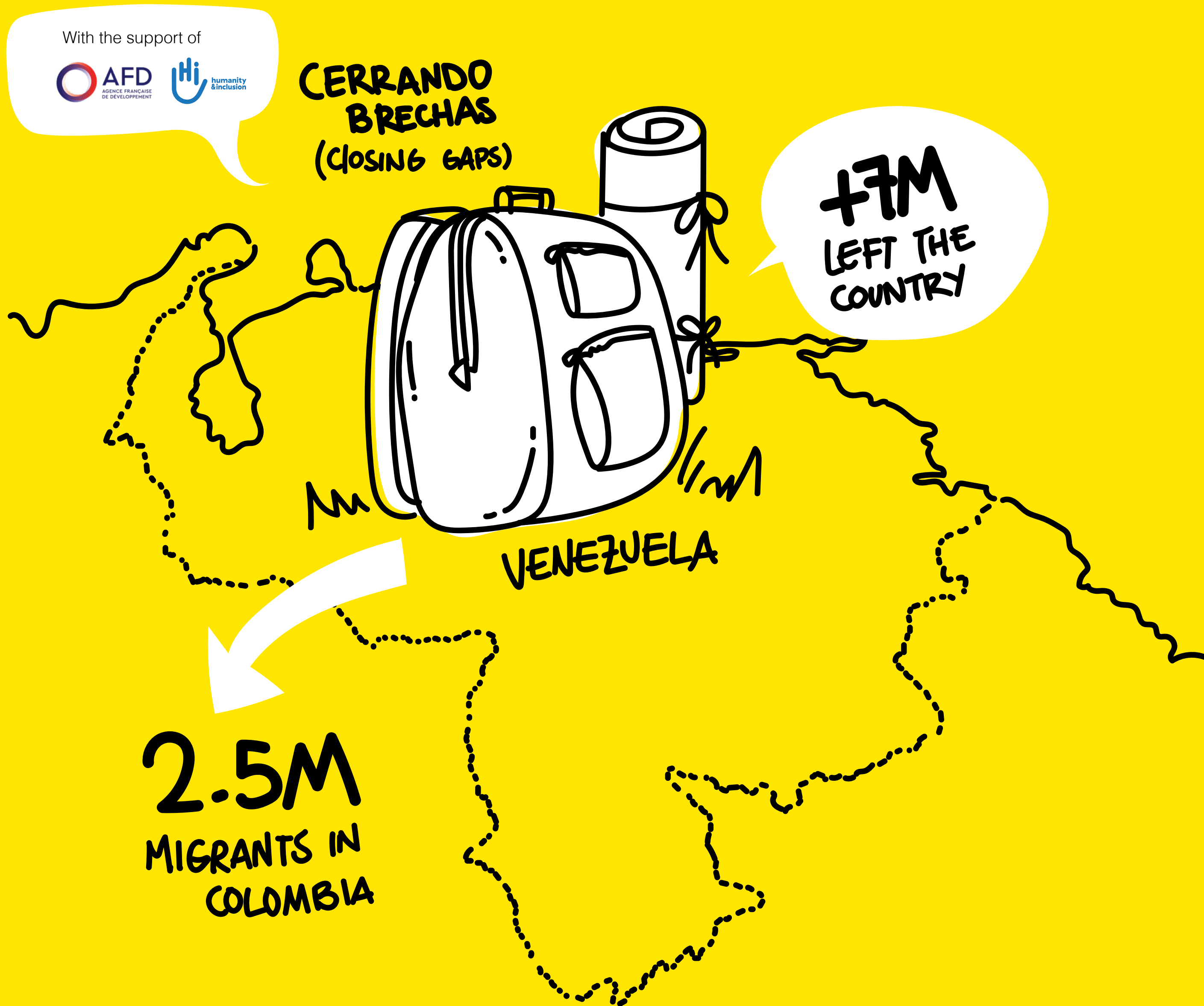
FINANCIAL HEALTH
AND INCLUSION

JULIANA
BLANDÓN
Mother and
microentre-
preneur
Apartadó

Protagonistas is also implementing a strategy to foster changes in gender related social and cultural norms in some municipalities of Antioquia for this purpose is working with 2,000 women and their families.

In addition, Protagonistas aims at increasing awareness of the barriers women face when accessing financial products and services among policy makers and other influential actors that may contribute to closing the financial gender gap.

73,605
CFA ASSOCIATES



Identifying bottlenecks in the financial system for migrants

The integration and inclusion of Venezuelan migrants is a matter that cannot be overlooked by financial systems. Due to the worsening economic situation, more than seven million Venezuelans have left their country in search of better living conditions. As the neighboring country, Colombia has received over a third of Venezuelan migrants, with 2.5 million migrants relocating in the country's main cities.

The initiative Cerrando Brechas (Closing Gaps), financed by the Agence de Développement Française and implemented by Fundación Capital and Humanity and Inclusion, took important steps towards improving financial and economic inclusion for Venezuelan migrants in Bogotá, Medellín and Barranquilla, by working and fostering collaboration among all the actors of the ecosystem: migrants, government and financial institutions, as well as other cooperation agencies that are working with migrants.

Working with several migrants' associations and cooperation agencies, Fundación Capital will provide migrants information about financial products that are available for them, using two of its digital solutions, ConHector and LISTA, which have been adapted to reach Venezuelan migrants with tailored educational and informational content, it will also foster the acquisition and use of these products. Simultaneously, it will work with financial institutions helping them remove the barriers (eg: technological, informational, or even unconscious biases) that prevent them from offering financial services to migrants.

Promoting inclusion of marginalized populations within financial systems through research and evidence-based policy.

Financial Inclusion Research of Indigenous populations in Latin America

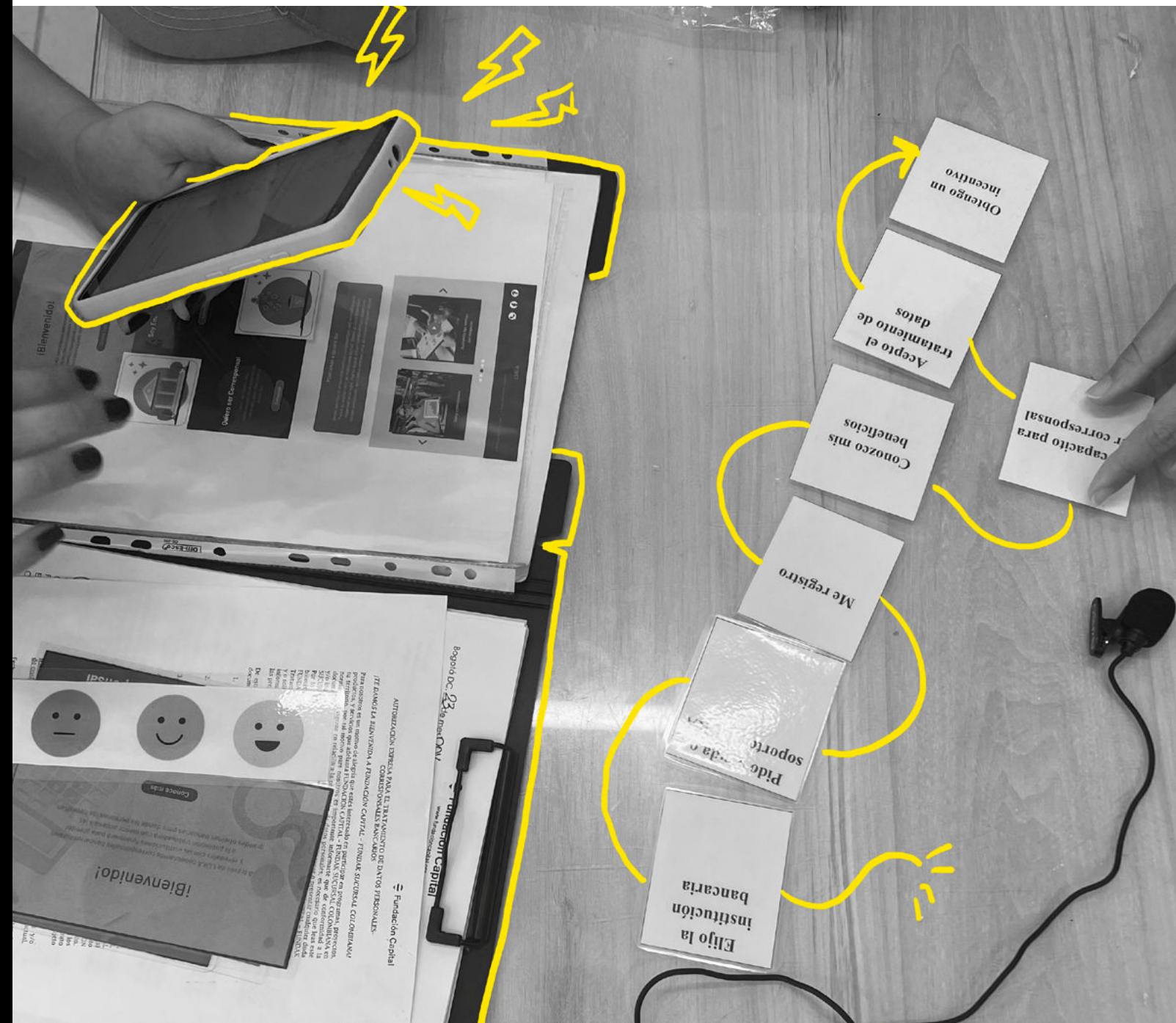
An important aspect of Fundación Capital's systems approach is using solid, applied research methods to provide input for systems-level actors, enabling them to create evidence-based public policies and programs. In 2022, Fundación Capital began an in-depth research consultancy for the InterAmerican Development Bank (IADB) in order to understand the most important barriers to financial inclusion for indigenous populations in Colombia, Ecuador, Panama and Peru. Characterized by high indices of poverty and extreme poverty, indigenous populations in these countries, as in the rest of Latin America, face several barriers to accessing financial systems. Indigenous communities face geographic, cultural and administrative barriers when trying to access the services and products of financial institutions.

The study, which leverages quantitative and qualitative methods, examines existing formal, semi and informal financial services, as well as financial best practices in addressing barriers for indigenous groups. FC is also carrying out a study from the demand-side of financial services for indigenous populations in order to analyze and understand the needs, practices and cultural context around financial practices of indigenous communities in Colombia, Panama and Ecuador. This study will be completed in 2023, expanding the coverage of the research to Panama.

Bringing financial services to underserved territories

Despite the advances on financial inclusion in Colombia, exclusion from the financial system is still high in rural areas, and there are still serious usage challenges in those areas. This is due mainly to the poor coverage of bank branches in rural zones.

Banking agents are hailed as a strategic channel to bring financial services to underserved territories and achieve financial inclusion. However, a series of challenges prevent financial Institutions from expanding their networks, especially in rural areas. In particular, the high costs and long time needed for setting up an agent (selection, onboarding and training); trainings are often costly and ineffective, which generates deficiencies in customer service, lower levels of transactions and thus lower levels of profitability for MSEs and network managers.

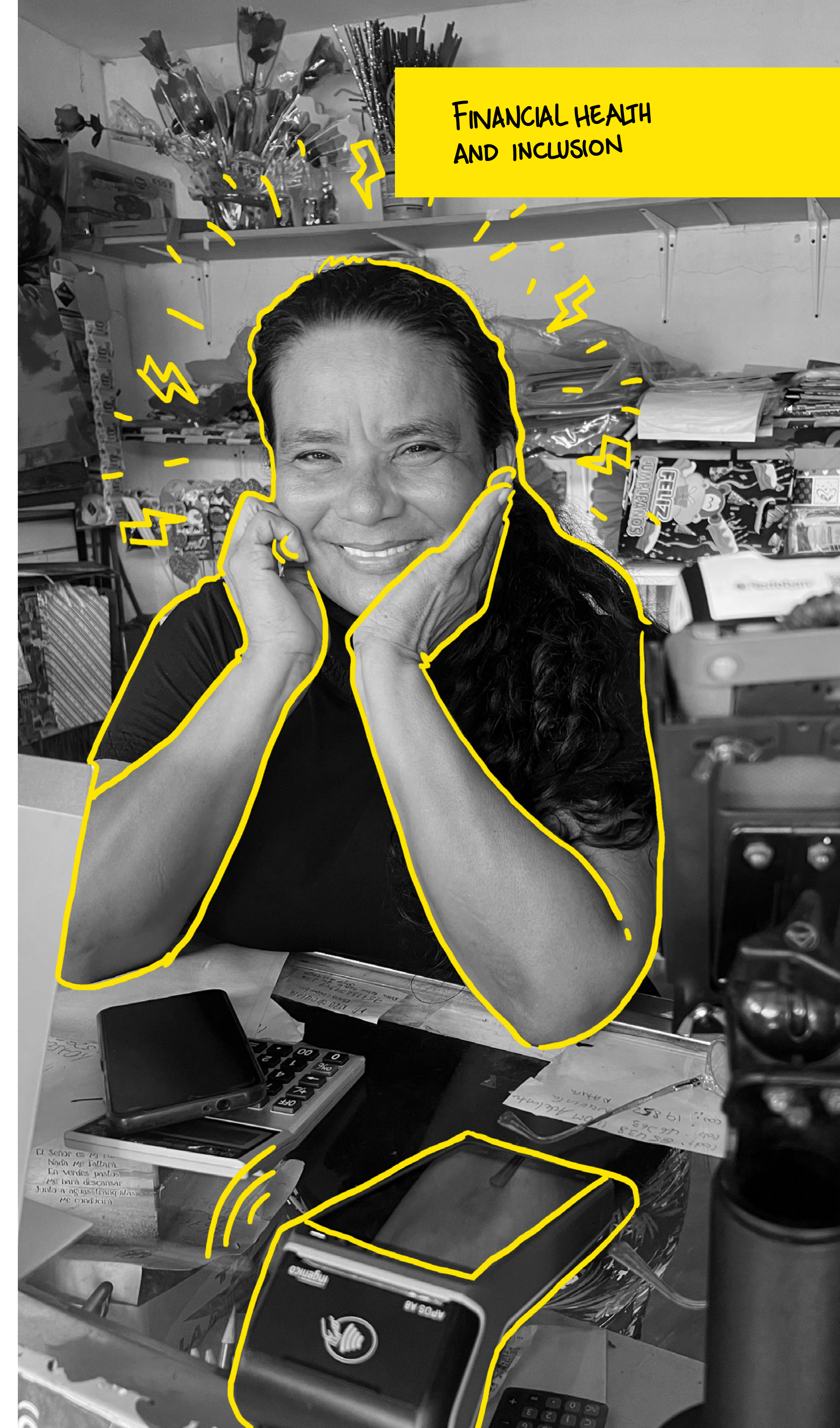


LUKA

Leveraging on the work carried out with Banca de las Oportunidades throughout 2019 and 2021, and with the support of DIV-USAID (Development Innovations Ventures) **Fundación Capital is working on a solution to help them overcome these and other challenges they face to expand their network, mainly to rural areas.** To this end we are developing an alternative onboarding strategy that combines digital solutions with high personal contact, thus reducing the time and cost of setting up banking agents. We have also enhanced the training module already developed, and transferred it to a web platform named Luka, that also integrates the onboarding module and will integrate other functionalities to improve the performance of banking agents and help them become key drivers of financial inclusion in their territories.

During the last trimester of 2022, 3 microentrepreneurs were onboarded as banking agents, and other 9 started the approval process for becoming banking agents.

FINANCIAL HEALTH AND INCLUSION



OUR FINANCIAL HEALTH AND INCLUSION PROJECTS IN LATAM



Latin America Striver Productivity & Financial Security - DIGITALL Mexico, Colombia and Peru



Estudio de demanda de servicios financieros por parte de pueblos indígenas de Colombia y Ecuador



Estudio Y Plan De Acción Financiero Para La Comarca De Guna Yala Panama



BID Mujer Agrícola Ecuador

Savings Product for Rural Women Bolivia



Estrategia de fortalecimiento de la cadena de valor para la oferta de bienes y servicios al sector agua, saneamiento e higiene. Paraguay



Saemaeul Undong (SMU) of Sustainable Agriculture and Rural Development in Paraguay: Integral Solutions for the Development of Competitive Agricultural Value Chains. Paraguay



Protagonistas, finanzas con enfoque de género.

Luka - Corresponsalía bancaria



Cerrando Brechas Migrantes. Colombia



Colombia + Competitiva



TIGO Conectadas



Tecnología y Mujeres: Grupos de ahorro para el empoderamiento de las mujeres





→ **ECONOMIC
OPPORTUNITIES/
LIVELIHOODS**

Graduation: A systemic response to a systemic problem

The Graduation model has proven to be one of the world's most effective economic and social inclusion programs for families living in extreme poverty. A robust body of research^[1] demonstrates that Graduation programs have a significant and long-term impact on participants' livelihoods. Moreover, FC's ultimate goal is to support governments to transition safety nets into systems that fully promote economic opportunities for people living in poverty. We do so by integrating the graduation approach into public policy, by promoting government ownership of the approach, and by sharing lessons and evidence with the global community of practice.

Since 2011, Fundación Capital has developed and facilitated more than 10 Graduation programs in seven countries across Africa and Latin America. In 2022, Fundación Capital reached 40,319 families through its Graduation programs in Paraguay, Brazil, and Mozambique.

[1] . Banerjee, A., Duflo, E., Goldberg, N., Karlan, D. Osei, R., Parienté, W., Shapiro, J., Thuysbaert, B. and C. Udry. (2015). "A Multifaceted Program Causes Lasting Progress for the Very Poor: Evidence from Six Countries" *Science*, 348 (6236), doi: 10.1126/science. 1260799.



Carolina de
Miranda

Social and Livelihood
Promotion Director at
FUNDACIÓN CAPITAL

KEY ASPECTS OF FUNDACIÓN CAPITAL'S GRADUATION APPROACH

ECONOMIC
OPPORTUNITIES/
LIVELIHOODS

1 WORK WITH
GOVERNMENTS
TO PROMOTE
SYSTEMIC CHANGE

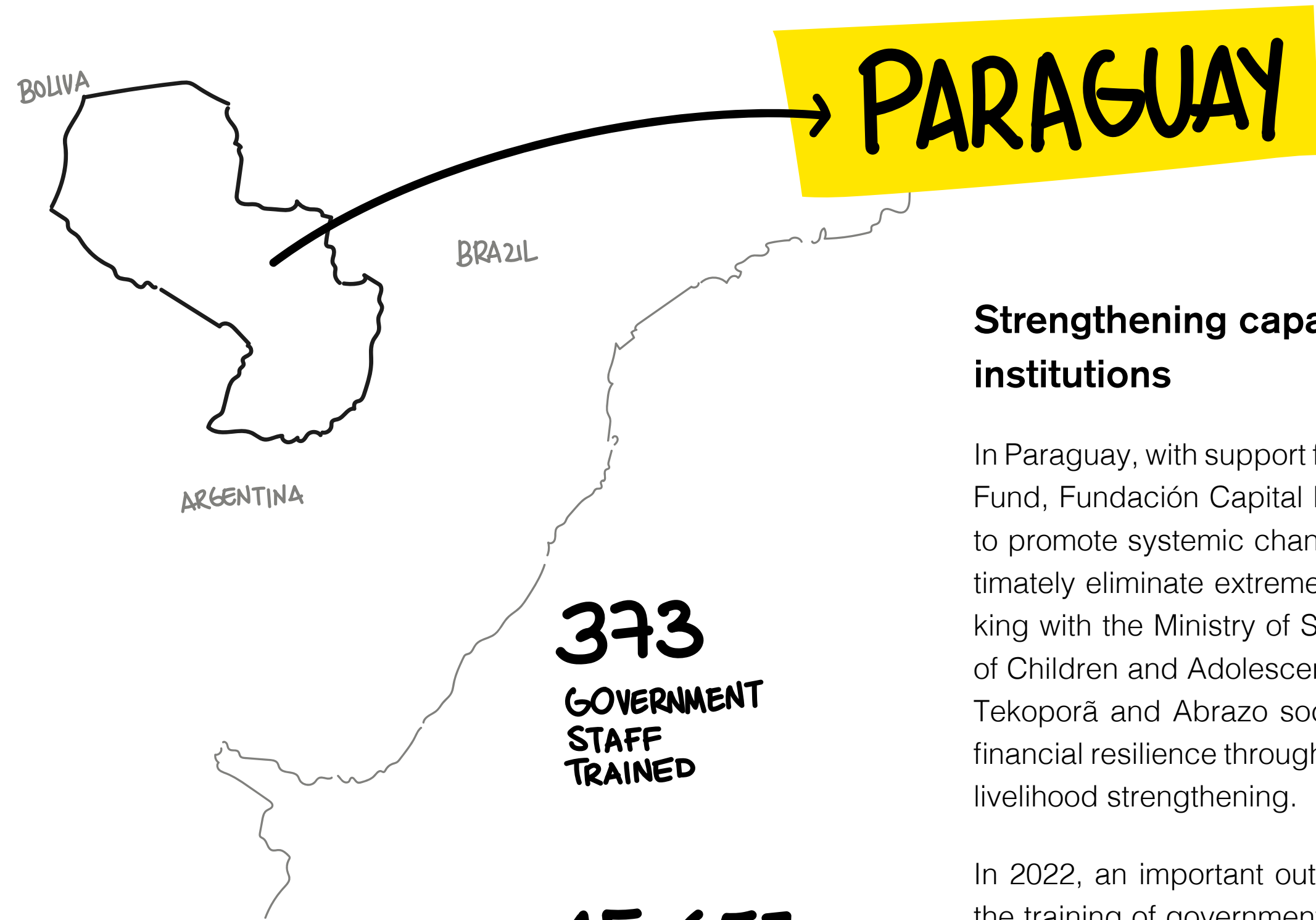
2 DIGITAL SOLUTIONS
TO SCALE UP
INITIATIVES AND
BETTER SERVE
HARD-TO-REACH
COMMUNITIES

3 FINANCIAL EDUCATION
AND PEER-TO-PEER
SUPPORT

4 CASH TRANSFERS
THAT GIVE AUTONOMY
TO FAMILIES TO
DECIDE HOW TO
MANAGE THEIR
ASSETS

5 TRANSFORMATIVE
GENDER
APPROACH

“POVERTY IS MULTIDIMENSIONAL
-IT'S NOT ONLY A MATTER OF RESOURCES
OR KNOWLEDGE OR ACCESS TO CAPITAL.
IT'S ALL OF IT. ANY APPROACH TO
ERRADICATE POVERTY MUST BE EQUALLY
MULTIDIMENSIONAL”



373
GOVERNMENT
STAFF
TRAINED

45,657
TOTAL PARTICIPANTS
REACHED SINCE PROGRAM
STARTED IN 2019

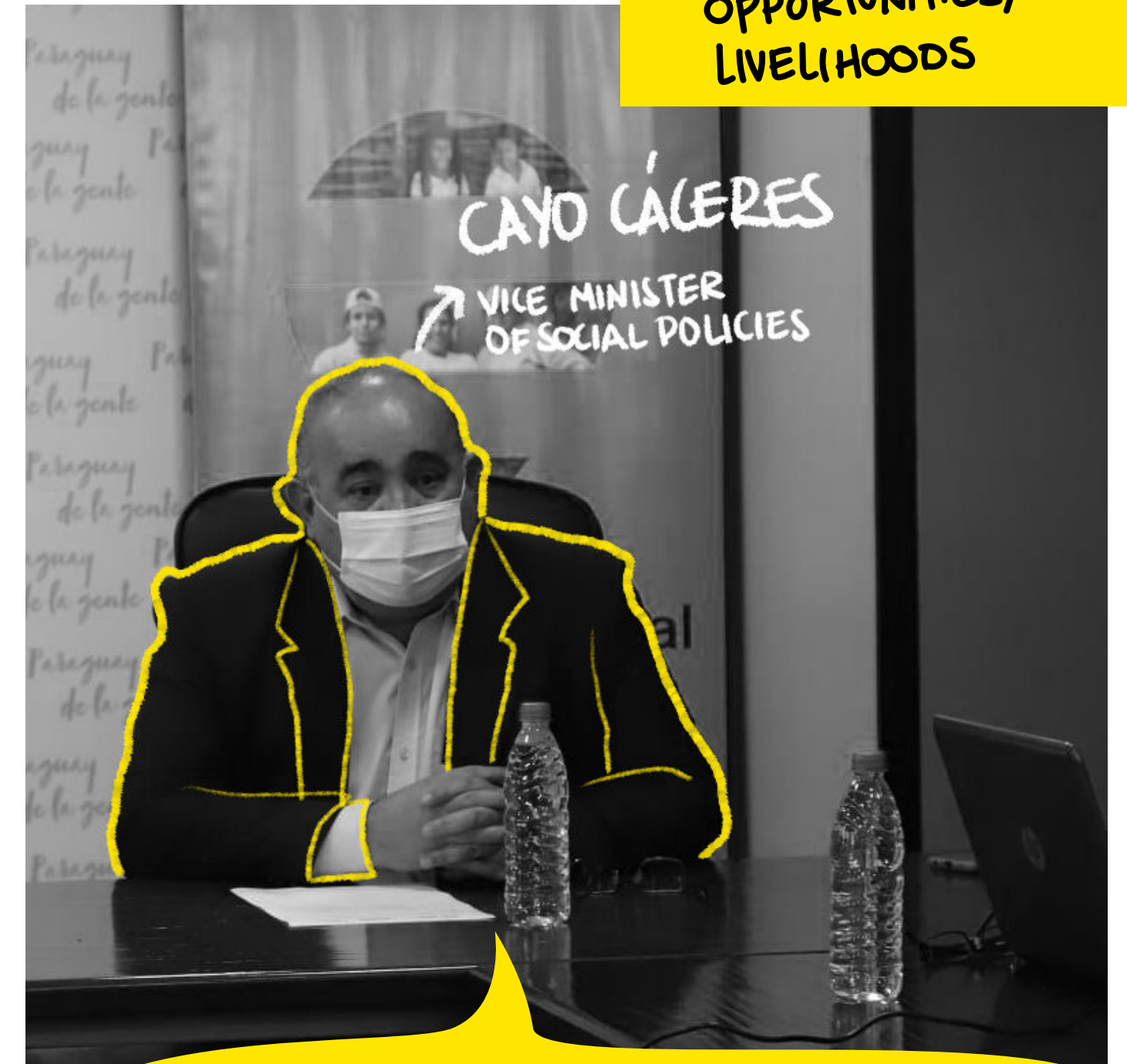
27,077
TOTAL PARTICIPANTS
REACHED IN 2022

Strengthening capacities of government institutions

In Paraguay, with support from Co-impact's five-year Foundational Fund, Fundación Capital has been working with the government to promote systemic changes to transform its safety nets and ultimately eliminate extreme poverty. Since 2019, it has been working with the Ministry of Social Development (MDS) and Ministry of Children and Adolescents (MINNA) to improve the Tenonderã, Tekoporã and Abrazo social programs, which promote families' financial resilience through individual and community savings and livelihood strengthening.

In 2022, an important outcome of the Graduación program was the training of government staff, as well as the production of training manuals, on topics of health, nutrition, self-care, income generation, housing, coexistence and citizen participation. These materials were the result of a broad participatory process with government officials and program participants from various communities. These training materials ensure greater sustainability of the Graduation program even after the cooperation ends, through established standards and practices for public workers interacting with the families.

ECONOMIC
OPPORTUNITIES/
LIVELIHOODS



“THIS REQUIRED AN INTERNAL PROCESS OF CONSTRUCTION THAT INVOLVED CONNECTING WITH THE PARTICIPANTS IN THE FIELD. THIS WILL UNDOUBTEDLY GIVE WAY TO THE POSITIVE INTERVENTION OF THE STATE”

Economic inclusion and livelihoods strengthening

Alba, 31, proudly wears a green T-shirt with the words “Kuña Rory Savings Group.” Kuña Rory, whose rough translation is “happy, kind and beautiful woman,” is a savings and investment group formed by 12 women from the Santa Catalina community in Paraguay. Located in the department of Caaguazú, where Alba and her family live, it has one of the highest extreme poverty rates in the country.

Alba joined the Kuña Rory savings group through the Graduación program, supported by Co-impact and the Ministry of Social Development, which promotes community savings groups along with financial education and microenterprise training. When Alba started participating in the Graduación program, she was a housewife, had no steady income and could not think of what she could do to generate income. The Kuña Rory meetings were very valuable to Alba because the women not only discussed their savings goals, but also their goals as entrepreneurs. They exchanged ideas about different small business possibilities and Alba learned by example as she listened to the experiences, struggles and triumphs of the other Kuña Rory women.

Alba decided that her first goal would be to save to buy a cow to produce and sell cheese. After achieving her goal of buying her first cow, with the new income she earned from selling cheese, she found it even easier to save to buy her second cow. Today she has two cows, which produce 36 liters of milk per day and allow her to regularly sell cheese at her sister’s neighborhood store and earn a steady income.

ECONOMIC OPPORTUNITIES/ LIVELIHOODS

“BEFORE, I HAD NO IDEA WHAT TO DO FOR A LIVING. THE GROUP GIVES US IDEAS AND EXAMPLES OF BUSINESSES, TEACHES US TO CALCULATE OUR SALES, HOW TO MAKE AN INCOME AND SAVINGS — SOMETHING I DIDN'T DO MUCH BEFORE.”

ALBA MALDONADO
Graduation Program Participant



ECONOMIC OPPORTUNITIES/ LIVELIHOODS



“ I AM THE SECRETARY OF OUR COMMUNITY SAVINGS GROUP. IN TOTAL WE ARE 22 WOMEN... WITH MY FAMILY AND THE GROUP, WE ARE SAVING FUNDS, WHICH ARE VERY USEFUL FOR US IN THESE TIMES OF DROUGHT... ”

LIZA RIQUELME

Kakuaa mobile app improves accuracy of savings groups in Paraguay

Savings and investment groups are an important component of the Graduation initiative in Paraguay. For communities that are beyond the reach of financial institutions, these savings groups are sometimes their only way to save to meet their goals or have a fund, when faced with personal, health, climate or socio-political emergencies. Kakuaa in Guarani, one of the official languages of Paraguay, means “to grow”.

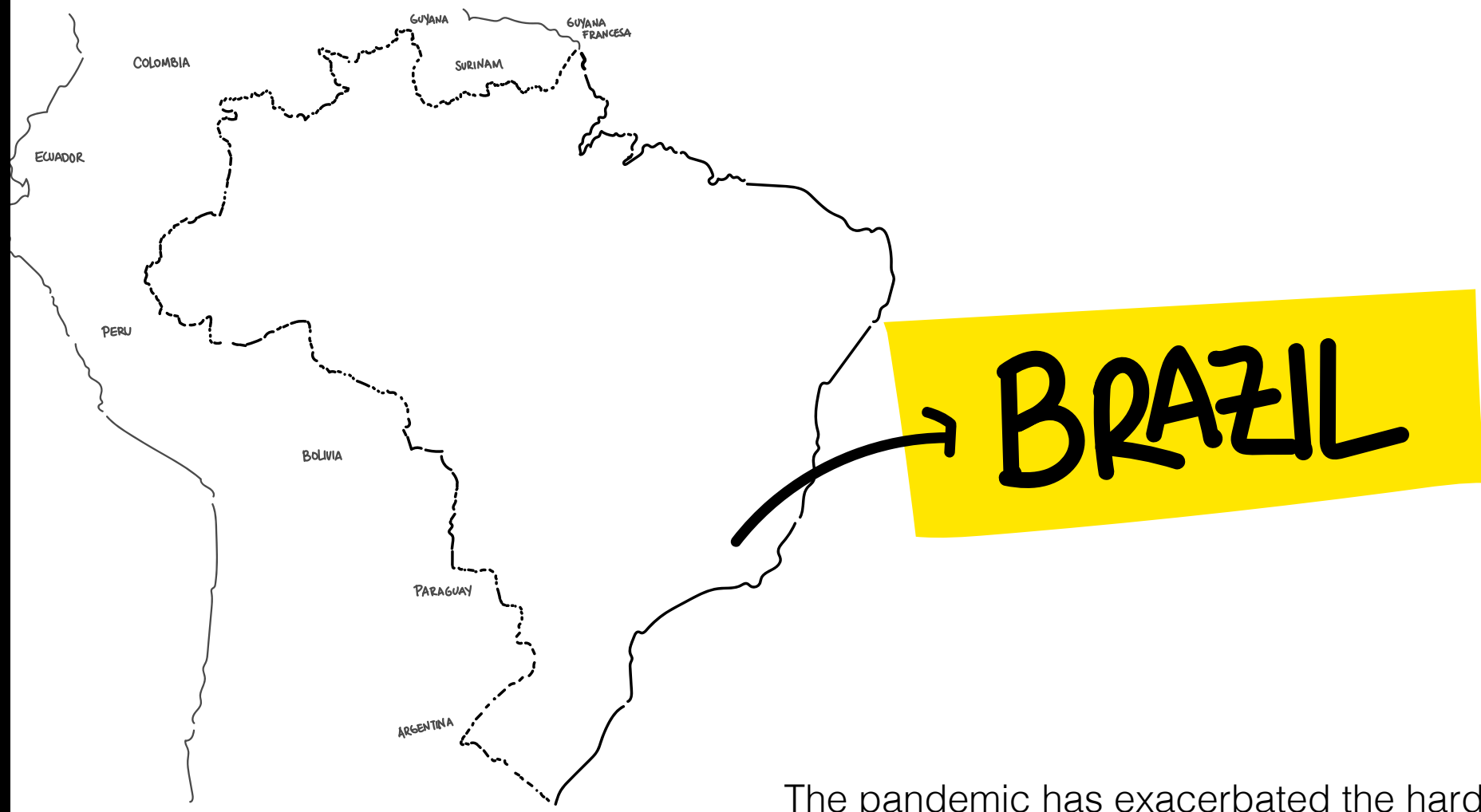
Developed with support from Canada’s International Development Research Centre (IDRC | CRDI), Fundación Capital designed Kakuaa, an app to help savings groups improve the management of their funds. The app tracks savings goals, individual contributions, as well as increasing transparency and accuracy.

95%
OF COMMUNITY SAVINGS GROUPS MEMBERS ARE WOMEN

MORE THAN
400
ACTIVE COMMUNITY SAVINGS GROUPS



5361
KAKUAA USERS



The pandemic has exacerbated the hardships that monoparental families, most of them headed by women, face. Social policies have to recognize the multiple discrimination mechanisms that single mothers face in the labor market and the difficulties they have in balancing unpaid care work and paid work.

Based on this premise, Fundación Capital, with the support from Co-impact, is working with the Secretariat of Social Development of the State of São Paulo (SEDS-SP) to improve the implementation and monitoring of the economic inclusion program Prospera Familia. The program, which is based on the Graduation approach, is the first of its kind in the state of São Paulo. It targets mono-parental families, particularly those led by women, with dependent

children under 6 years old and that live under the national extreme poverty line. Through Prospera Familia, participants receive financial support, coaching, and professional training to promote income generation and human development.

A major component of Fundación Capital work in Brazil was supporting the state government of Sao Paulo to develop the program's coaching component and training materials, with a focus on financial education, entrepreneurial and employability skills



and gender. As part of this work, we designed a WhatsApp communication strategy to keep participants engaged and informed. Using WhatsApp as a communication channel enabled Prospera Familia to send reminders, information and helpful tips through a chat assistant known as Ana, a strategy that proved to be effective in reinforcing new information learned in training sessions with program mentors.

In 2022, 4,761 participants, of which 99% percent were women, graduated from the program's 1st edition, and 9,721 were enrolled in the 2nd edition.

7,142
PARTICIPANTS WITH STRENGTHENED FINANCIAL SOCIO-EMOTIONAL AND ENTREPRENEURIAL SKILLS
99% WOMEN



4,958
PARTICIPANTS
REACHED

3,471
WITH STRENGTHENED
ASSETS AND LIVELIHOODS

128
COMMUNITY
FACILITATORS
TRAINED

In Mozambique, the Graduation Program worked closely with government partner Ministry of Agriculture to incorporate the Graduation approach in their Rural Enterprise Financing Project (REFP). Technical assistance to REFP enabled the government to increase efficiency of disbursing incentive transfers through the use of mobile wallets – a first for the REFP program.

In 2022, the program strengthened the financial health and entrepreneurial skills of 4,958 participants through a blended method of virtual and in-person training. 3,471 of these participants invested their incentives in goods or services to strengthen their microenterprises and small businesses. Graduation participants engaged with digital solutions LISTA and AppTidão as a fun, interactive way of receiving new information on small business management and planning, sales, saving, budgeting and how to use and access financial services.

Lifting up community leaders in Mozambique

Graduation’s community facilitators play a vital role in Mozambique’s Graduation program. Community facilitators are from the local communities, enabling more effective communication and the ability to build quick rapport with program participants. Through the program, 128 community facilitators were trained in 2022,



providing them with the know-how and skills to follow up on new educational content. Community facilitators are also instrumental because of their role in accompanying community members on their digital journey as many of them are using digital tools, such as mobile wallets and tablets, for the first time. Finally, Graduation’s facilitators have been key for identifying other burgeoning community leaders, particularly women and youth, whose voices are not traditionally included in leadership circles. Many of these community members are taking on leadership roles for the first time as secretaries and presidents of community savings groups.

OUR ECONOMIC OPPORTUNITIES / LIVELIHOODS PROJECTS IN LATAM AND AFRICA



GRAD Nuevo Leon
México



Impulso Local: Reactivación
Económica de Emprendimientos
de Subsistencia.
Colombia.



Fostering Graduation into
Social Protection Systems: The
Contribution of Latin America.
BRAZIL AND PARAGUAY



Escuchando las
necesidades de las plantas
PARAGUAY



Ser y crecer
PARAGUAY



Data for Workforce
Nurturing (D4WN)
Mozambique



Financial
Education and
Awareness Pilot
Project in Beira
Mozambique



Rural Enterprise
Financing Project
(REFP)
Mozambique



DIGITAL INCLUSION

In the digital era, technology, data, and the internet has made unthinkable changes in our lives. While connectivity and digital technology have widespread impact on lives around the world, people living in poverty and social marginalization remain excluded from the information, opportunities and resources that the digital era affords us.

The concept of digital inclusion is significant in two ways for Fundación Capital. Digital inclusion means that we aim whenever possible to include digital technologies in our initiatives because they are a way to increase our reach and impact, providing education and information to more people, more efficiently. Secondly, digital inclusion for us means an important part of our work is to connect and include excluded groups, including migrants, rural communities, and people living in conditions of poverty and extreme poverty, in digital systems that facilitate their access to a full-fledged economic citizenship. In 2022, our digital solutions were used to scale up and increase access to information and services for 46,300 people in Mexico, Peru, Colombia, Brazil, Mozambique.

46,300 PEOPLE USED FC'S DIGITAL TOOLS TO ACCESS GREATER INFORMATION, SERVICES AND ECONOMIC OPPORTUNITIES

CLICK

OUR PROCESS:

DEVELOPING PEOPLE-CENTERED DIGITAL SOLUTIONS

1. RESEARCH



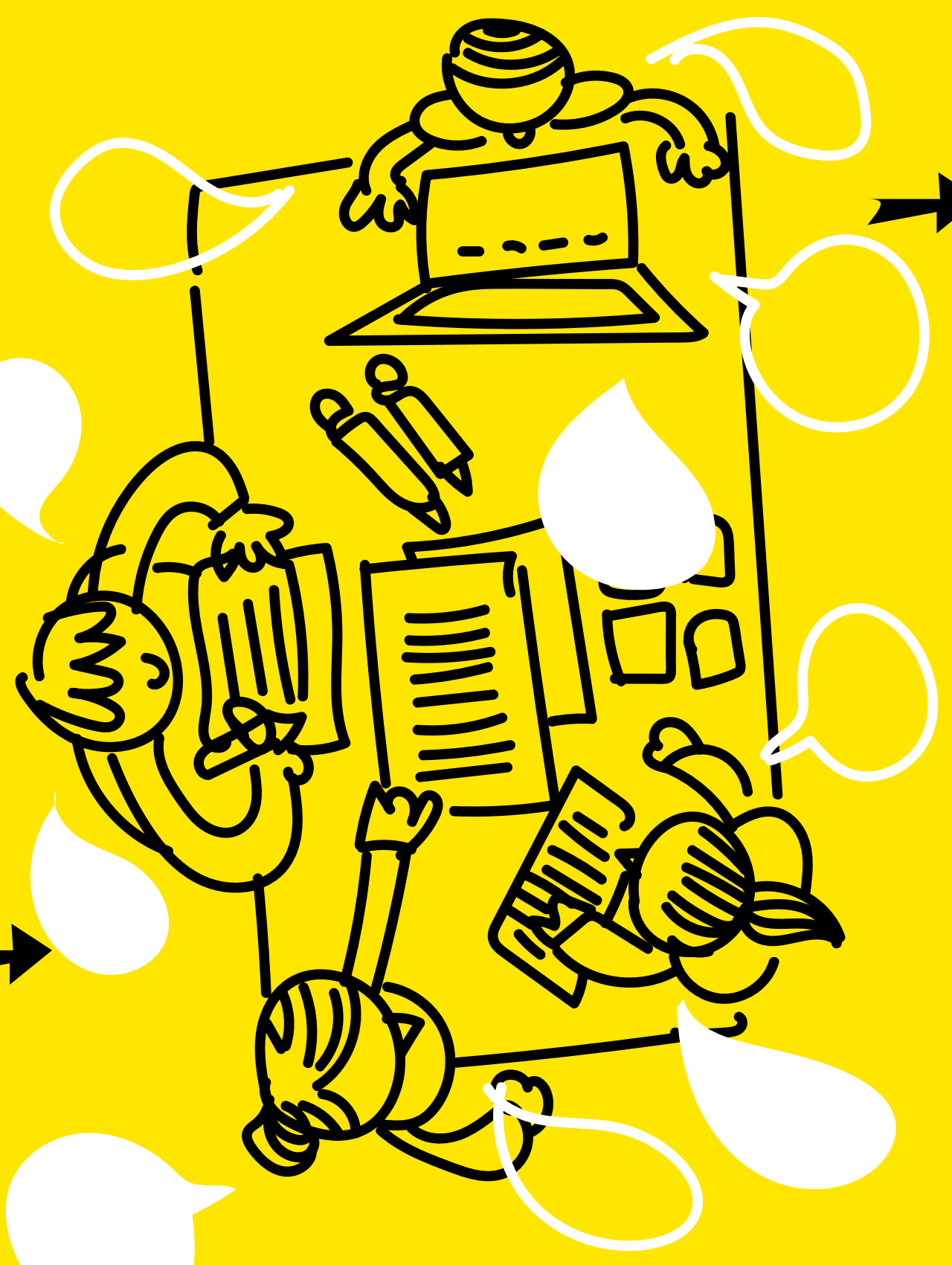
Our M&E and research specialists identify the current needs and context of the target population through assessments, surveys and/or focus groups.

2. PROPOSAL



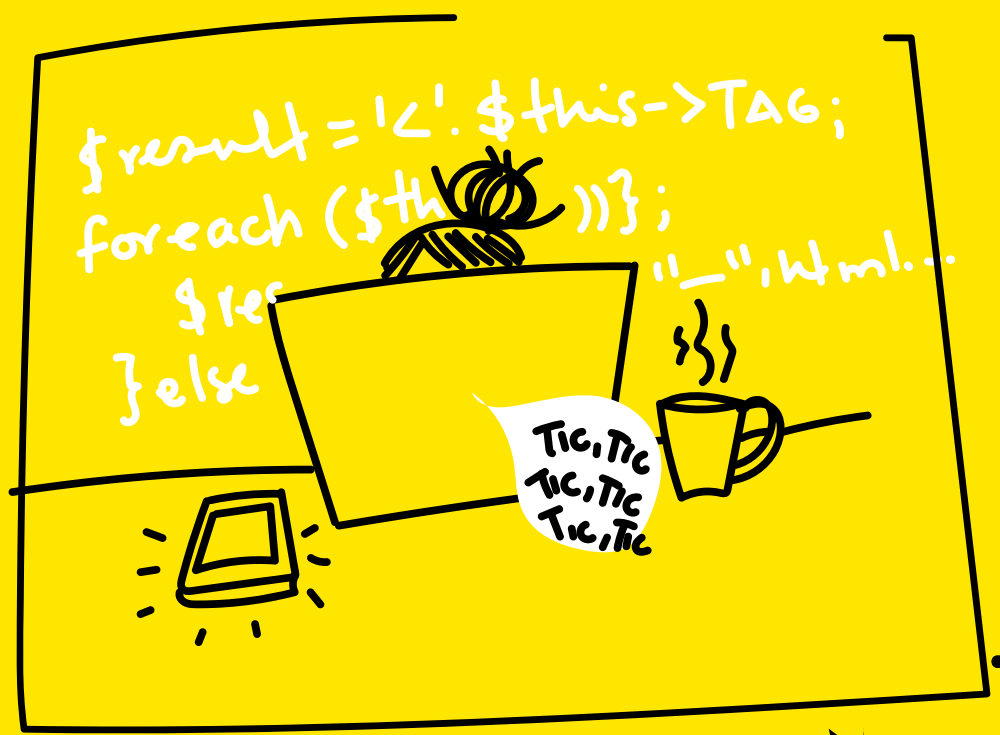
Create a proposal of solutions that address the identified needs.

3. CONTENT CO-CREATION



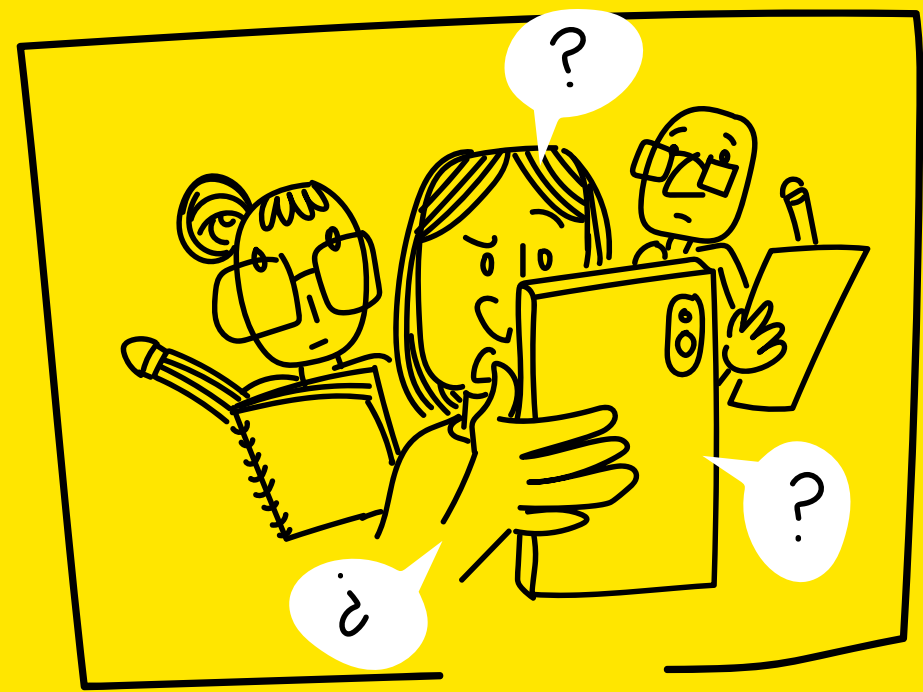
Production of educational and informative content and designing visuals with the participation of end users.

4. DEVELOPMENT



Technological programming.

5. EVALUATION



Learn and adjust based on performance data and user testing.

6. ITERATION



Redefine the proposal according to data and test user feedback.

DATA STRATEGY

We pave the way for Fundación Capital to become a fully data-driven organization. Thus, FundaK will be globally recognized for its best practices in the use of data, which will transform lives, build credibility and open doors to add allies on a global scale. The main advances were made in 7 areas of action:

Business Intelligence

Together with the consultant Data Elevates, a “data warehouse” was created, using Lista 2.0 information as a pilot. This warehouse will be the enabler to generate business indicators and execute business intelligence processes.

Quality of information

For Lista 2.0 information, a quality diagnosis was made in the first dimension: completeness, based on the Code Book generated by the area.

Aligned with change management, best practices in data quality were shared.

Change management

Understanding the importance of generating a change of paradigms regarding data within the entire organization, different spaces were created to socialize the data strategy, emphasizing: data visualization, data analytics strategies, correct use of data, among others.

Data analytics and big data

Different data analytics processes performed at FundaK were identified, seeking synergies between M&I and data.

Microsoft Synergy

As part of the Leadership for Positive Impact program, Fundación Capital built a partnership with Microsoft that has allowed progress on different fronts to operationalize the data governance strategy and consolidate the ECaaS strategy.

Information security

A prioritization matrix was developed that will allow us to execute actions that shield our information according to the highest probability of occurrence and impact.

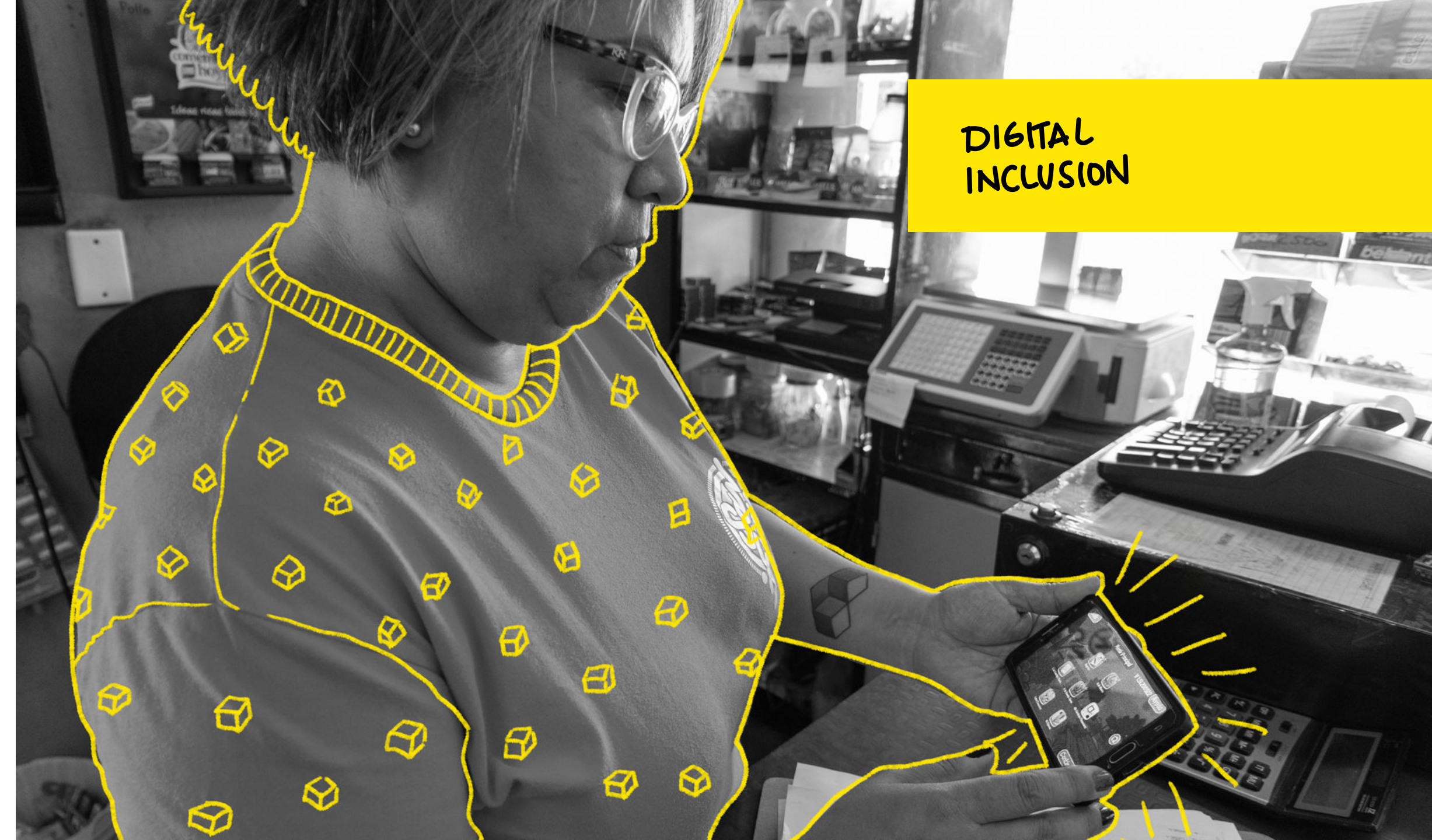
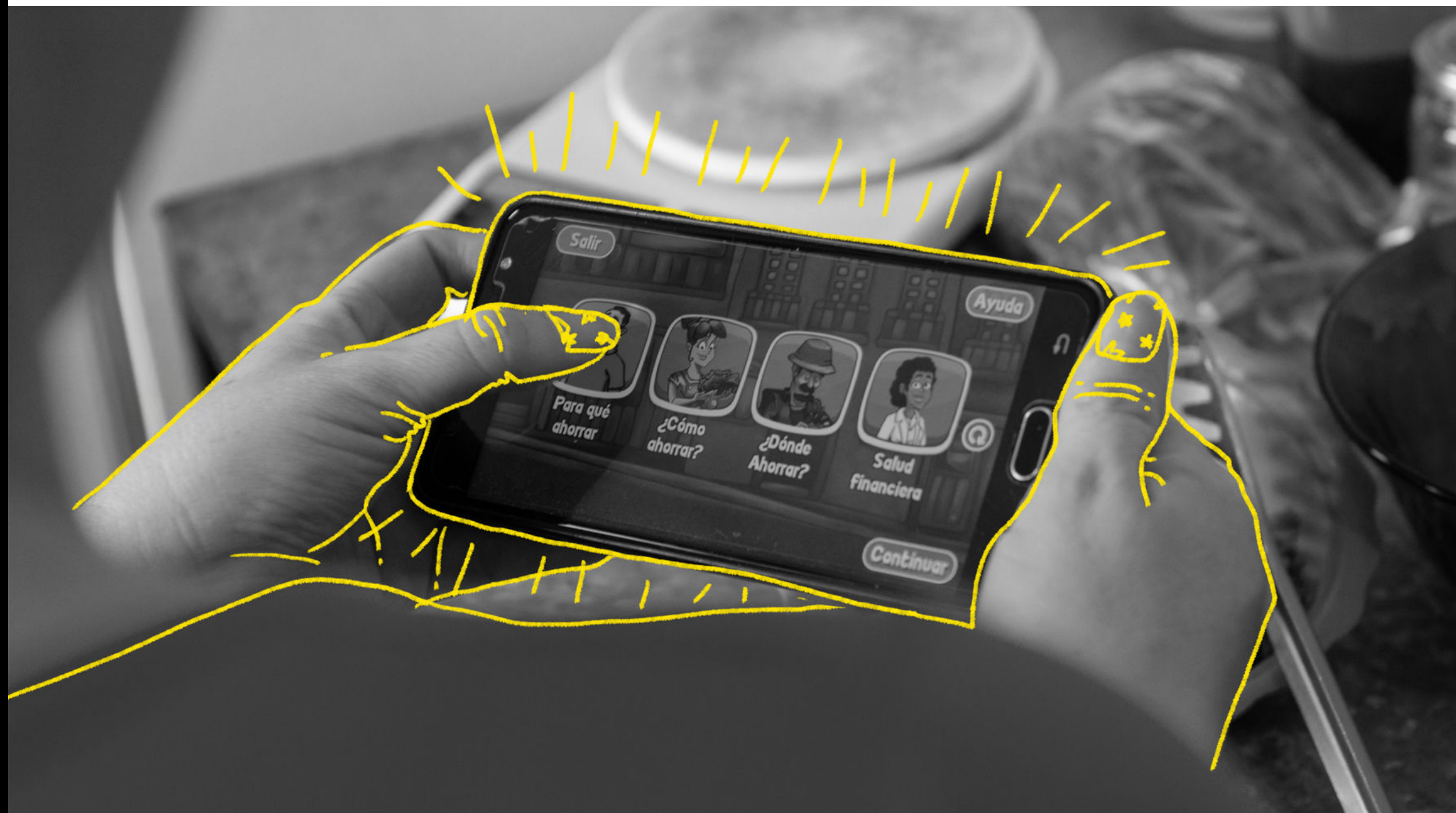
Master and/or reference data

An inventory of the organization’s information was generated. Classifying the different types of data that will allow the possibilities of generating data analytics.

Developing a financial education program for migrants in Colombia with LISTA

One of Fundación Capital's core working principles is developing technological solutions that are people-centered. This means ensuring that our digital tools are not simply made to be replicated and scaled without the taking into account the abilities and background of the end user. One of FC's flagship digital solutions, LISTA is a virtual education tool, whose learning content has been tailored to incorporate the cultural contexts and languages from groups as diverse as Guaraní-speaking Paraguayans to rural communities in Mozambique.

In 2022, through a partnership with the AFD and Humanity and Inclusion, Fundación Capital made added tailored content in LISTA for Venezuelan migrants in Colombia and new functionalities for people with hearing and visual disabilities. LISTA's financial education content raises awareness of products and services that are available and beneficial for Venezuelan migrants. Most banks and



financial institutions require a Colombian identity document and still do not accept the PPT (Permiso por Protección Temporal), which is the identification document that Venezuelan migrants are granted by the Colombia government. This is one of the most important barriers that migrants face when trying to access financial services.

The new LISTA financial inclusion module for Venezuelan migrants teaches users which mobile applications they can access with their PPT identification documents. For example, users learn about fintech companies, such as Ualá or Móvil which are of the first financial institutions that made a clear effort to work towards financial inclusion of migrants in Colombia. Having access to services from companies like Ualá or Móvil means that migrants can make or receive transfers without cost, open savings accounts, digital payments, make withdrawals from ATMs, and send remittances to Venezuela at a lower cost. The Cerrando Brechas initiative will launch LISTA for Venezuelan migrants in Colombia in the first quarter of 2023.

Using Data and Tech for Good in Mozambique

In emerging countries, over two-thirds of workers make a living in the informal economy. This is a global and pervasive phenomenon, especially high for low-income populations, women and youth. A lack of information about trends and opportunities in the labor market represents an obstacle to social mobility for informal workers. In Mozambique, 9 out of 10 people of working age make their income through the informal sector. Informal workers live in a survival economy, relying on small gigs to generate earnings to support their families. The informal economy is also notoriously scarce in data sources, making data-driven policy making harder.

With the support of Data.org and Splunk, Fundación Capital created the Data for Workforce Nurturing (D4WN) program in Mozambique, in partnership with Mozambican company, UX Information Technology and US data scientists, Data Elevates. D4WN analyzes the data that workers produce on the digital platforms, Biscate and Com-Hector, Fundación Capital's chatbot solution, and provides information tailored to users' needs to help them improve decision making, career choice and personal development.

In order to access the information, users only need to write to Com-Hector on WhatsApp, which is done as simply as saving the number and writing "Hi!". It is an inclusive solution as WhatsApp is free in all data packages in Mozambique. With D4WN, users can find a benchmark for how much the local market is paying workers for different kinds of trades like cooks, electricians, carpenters, among others. Also, users can find out which are the trades that are most in demand in their vicinity. Finally, they can find multiple tools like an automatic CV-maker (it makes a CV in just three clicks), an automatic business card (it can be shared as an image with other contacts and even the WhatsApp status), and an automatic flier-creator (it's a promotion pamphlet make entirely on

“MY FIRST INTERACTION WITH COM-HECTOR WAS THROUGH MY BUSINESS CARD AND WITH IT I WAS ABLE TO SHARE IT IN MY WHATSAPP STORY. THE NEXT DAY I SAW A LOT OF MY CONTACTS WERE SHARING MY BUSINESS CARD AND I COULD FIND MORE CLIENTS”

WhatsApp in a predetermined template even using pictures). In this sense, Com-Hector has become a suite of services that professionalizes the work of informal workers.

SEE HOW BAPTISTA FROM MOZAMBIQUE USES COM-HECTOR TO REACH MORE CLIENTS

14,660

CON-HECTOR / COM-HECTOR CHATBOT USERS WORLDWIDE





With the support of



Digital Solutions for Climate Action

Increasing climate resilience through the digital inclusion of farmers in Paraguay.

According to the Climate Change Vulnerability and Adaptation Index for the Latin America and Caribbean Region of the Development Bank of Latin America (CAF), Paraguay is in the extreme risk category. Agriculture is one of Paraguay's main economic activities, with 96.5% of vegetable production carried out on family farms (National Agricultural Census, 2008). Severe droughts in Paraguay have increased the vulnerability of small farmers, affecting their yields and incomes.

In order to increase the digital inclusion and climate resilience of Paraguayan farmers, Fundación Capital and its technology partner SupPlant, with the support of the Inter-American Development Bank Group's Innovation Lab, developed a pilot Climate-Smart Agriculture program. The three-year program, which started in 2019 and ended in 2022, worked with a two-fold objective:

- 1) provide digital tools to 86 tomato farmers as a strategy to increase climate resilience,
- 2) Reduce water use and contribute to ecosystem sustainability for intensively irrigated fruit and vegetable production in Paraguay.

To this end, FC developed Culti, a production management app designed to accompany the entire cultivation process and link climate information to optimize irrigation of the plots. The program combined digital technology with plant growth-based irrigation, which uses technology that analyzes the weather forecast and soil, stem and fruit sensors to identify the exact moment when the plant needs to be irrigated. The results of the program showed a 48% decrease in water use while achieving a 20% increase in crop yields.

DIGITAL
INCLUSION

48%

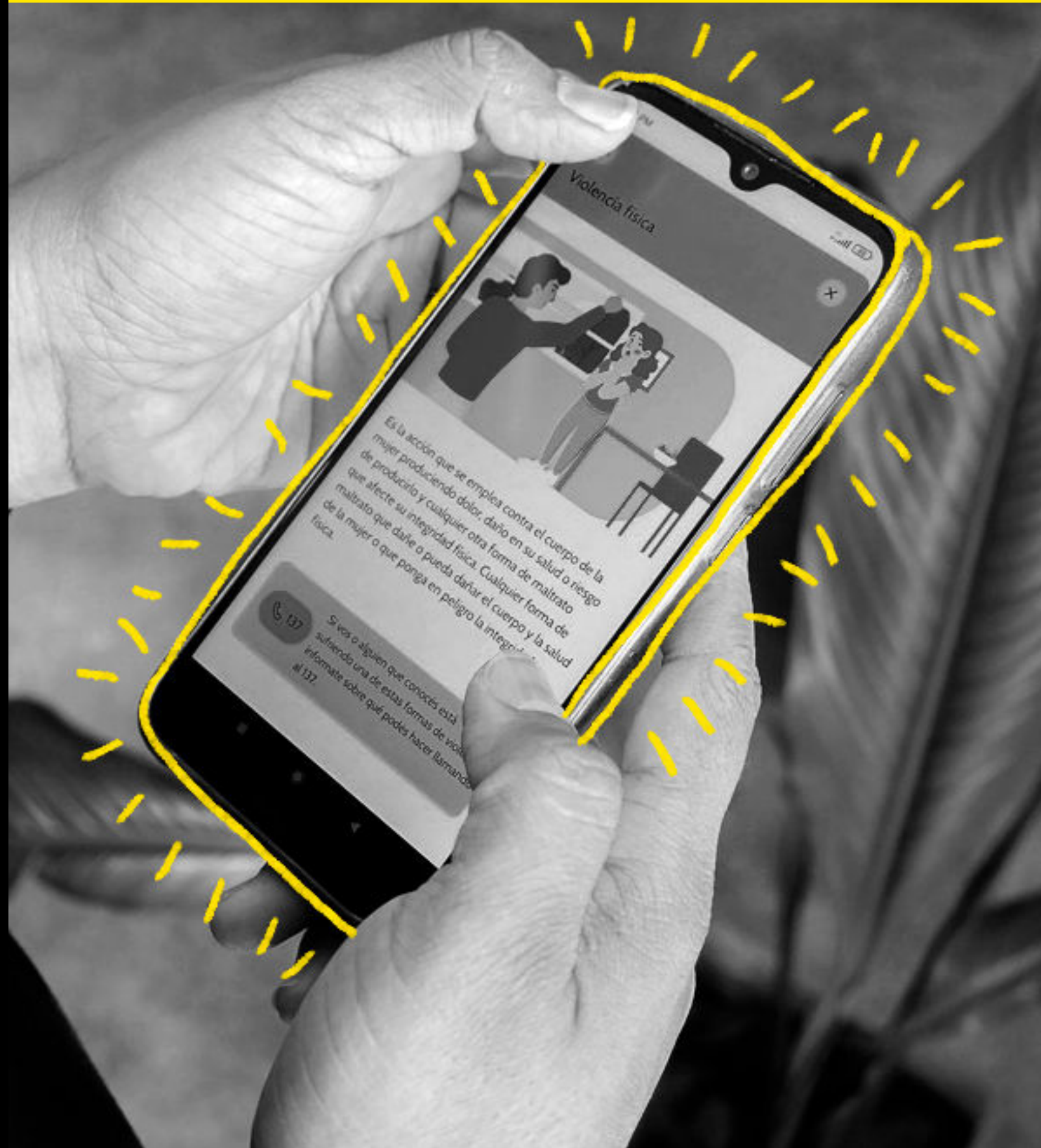
DECREASE IN WATER
USE WITH CLIMATE
SMART AGRICULTURE
TECHNOLOGY

20%

INCREASE IN
CROP YIELDS

Preventing gender-based violence in Paraguay with the Cora mobile application

During the COVID-19 pandemic, cases of gender-based violence increased significantly. In 2021, Fundación Capital, with support from the Inter-American Development Bank (IDB), partnered with Paraguay's Ministry of Women to develop and test a comprehensive digital solution to help reduce gender-based violence. In 2022, FC developed the Cora mobile application, an easy-to-access tool that allows women to:



1. TAKE A VIOLENCE TEST BASED ON THE "VIOLENTOMETER"

2. SECURELY STORE INFORMATION, PHOTOS AND EVIDENCE

3. ACTIVATE AN EMERGENCY BUTTON TO SEND A MESSAGE TO THEIR TRUSTED CONTACTS IN SITUATIONS OF RISK OR VIOLENCE

4. HAVE INFORMATION ON EARLY SIGNS OF VIOLENCE

5. RECEIVE INFORMATION ON HOW TO ACCESS HELP AND SERVICES FOR GENDER-BASED VIOLENCE



DIGITAL INCLUSION

Through the Mesa Interinstitucional de Prevención de la Violencia contra la Mujer (Mesa PREVIM) led by the Ministry of Women, integrated by 13 public institutions, and with private sector companies and civil society, Cora has been tested with more than 500 women in different contexts. Fundación Capital will continue to work with potential allies to promote women's economic citizenship fully and without violence.

OUR DIGITAL INCLUSION PROJECTS IN LATAM AND AFRICA



Conectadas
Colombia



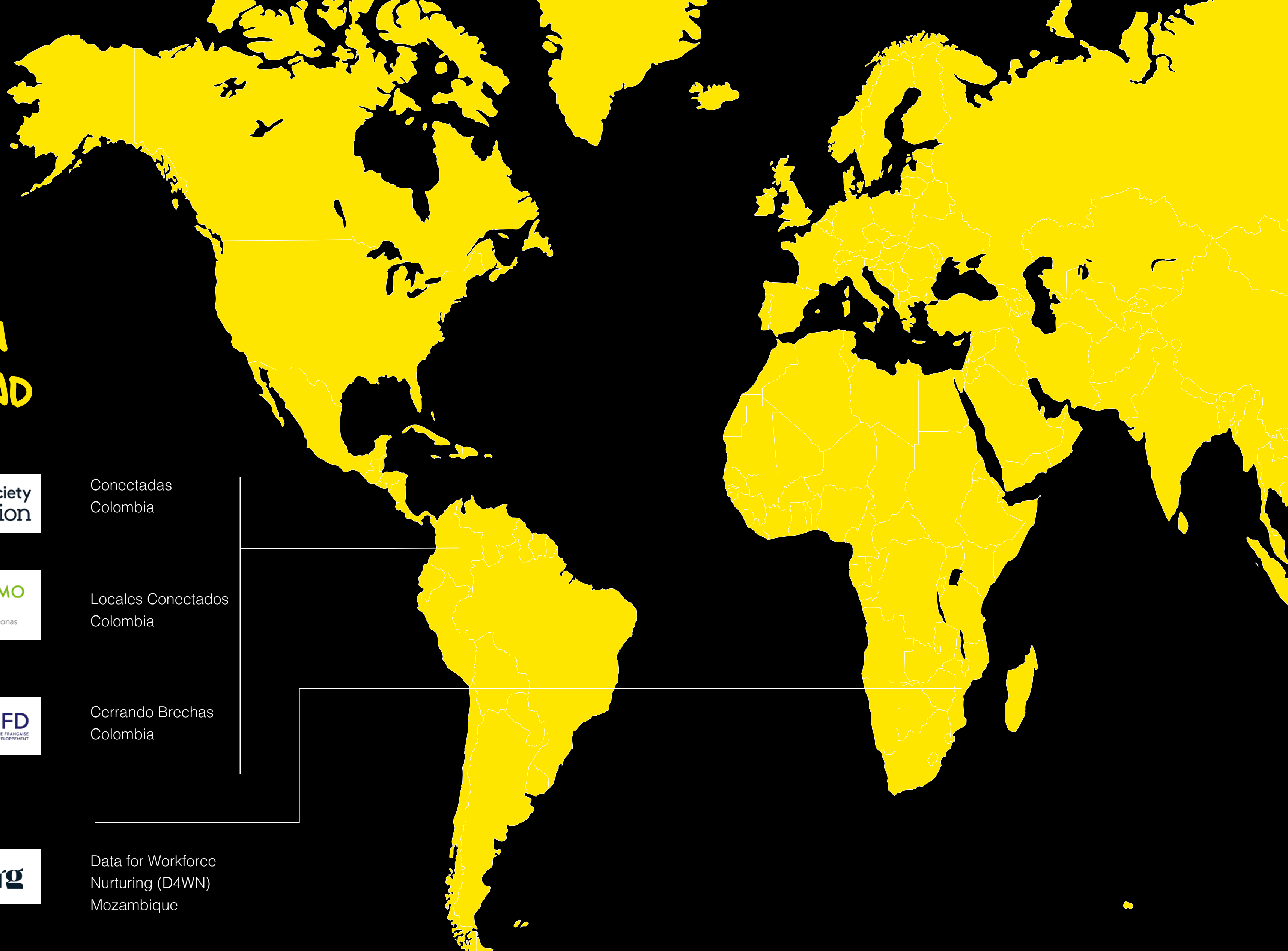
Locales Conectados
Colombia



Cerrando Brechas
Colombia



Data for Workforce
Nurturing (D4WN)
Mozambique

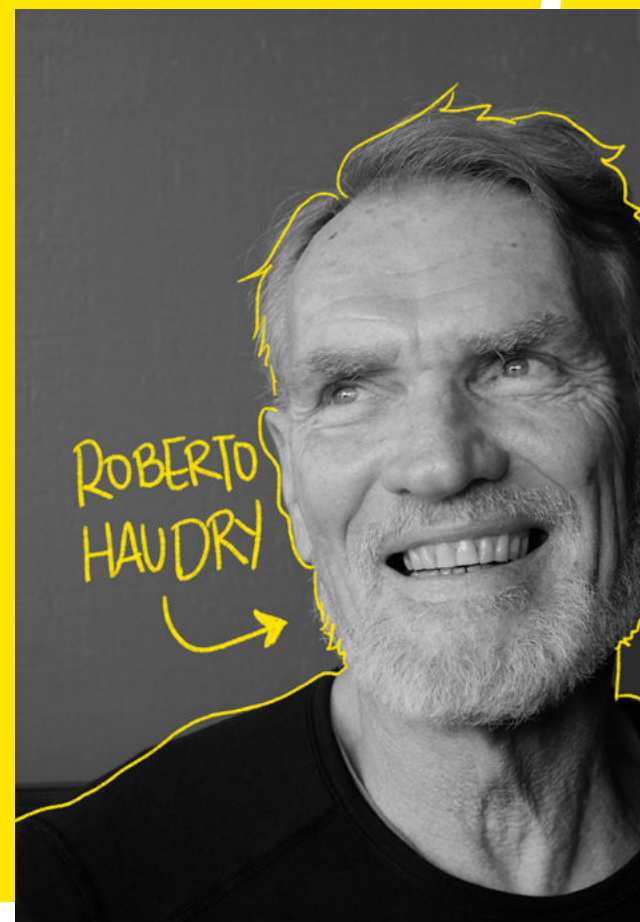


05 FUNDACIÓN CAPITAL BOARD



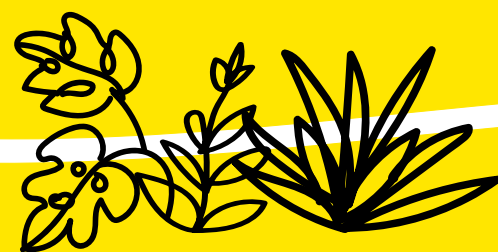
Yves Moury is the Founder, President & CEO of Fundación Capital. Economist & Management Engineer (Louvain School of Management), Yves has dedicated his career to poverty reduction. He has received international recognition for his work in education and economic opportunities, including the Schwab Foundation Social Entrepreneur of the Year 2017 Award in recognition of his outstanding entrepreneurial social activities that massively benefit vulnerable populations worldwide. In 2017 he was also named an Ashoka Senior Fellow and in 2014 received the Skoll Foundation Award for Social Entrepreneurship.

Prior to that, he was Director of a regulated rural bank in Peru, serving low-income clients, and has been advisor to many development agencies, the UN, governments, and private and public investors. In addition, he has been a member of the Leadership Council / Microcredit Summit Campaign and the Executive Committee of the Partnership for Economic Inclusion, housed at the World Bank.



Roberto Haudry is Co-Founder and Director of Climate Action at Fundación Capital. He has been recognized for his work for more than 25 years in poverty reduction policies and rural development in Andean countries such as Venezuela, Colombia, Ecuador, Bolivia and Peru, as well as territorial development initiatives of Afro-descendant and indigenous peoples. On these issues and in other countries in Latin America, Africa and Asia, he has worked for many years for the United Nations System (in particular the International Fund for Agricultural Development - IFAD). Roberto has more than 35 years of experience as an international consultant and as a visiting professor at universities in Europe, Canada and Latin America.

Roberto has dedicated his career to contributing to the effective empowerment of some of the region's most disenfranchised social groups through increased assets and access to information to achieve their dreams, without the influence of intermediaries. Among his most outstanding achievements is the creation of institutions such as the PROCASUR training programs, the Amazon Indigenous Peoples Support Program (PRAIA), the Regional Camelid Program (PRORECA), and the ACUA Cultural Assets Program.



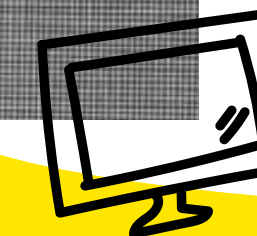
Claudia Ranaboldo is pedagogue with specialization in cultural anthropology and rural sociology. Italian, with residence in Bolivia, she has been working for more than 35 years in Latin America, building bridges especially with countries in Southern Europe and the Mediterranean area. She has directed NGOs and has been a public authority in the areas of rural development, gender and environment.

She has coordinated for 12 years the Territorial Development with Cultural Identity Program, being principal investigator of Rimsip-Latin American Center for Rural Development. She has developed studies on issues related to agroecological scaling up, networks and sustainability, territorial development, empowerment of rural women, strategies for the valorization of cultural heritage and biodiversity. She has extensive experience in consulting in these areas, collaborating with territorial, national and international agencies. She is currently general coordinator of the Biocultural Diversity and Territories Platform and is a guest lecturer at European and Latin American universities. In this context, she is scientific manager for the French entity Diversity & Development, partner of the SUS-TER project, Erasmus+ (Capacity Building) co-financed by the European Union and of other initiatives in international networks such as the International Forum Origin, Diversity and Territories.



Jaime Reynaldo Iturri Salmon was born in Mexico City in 1963 but is Bolivian in origin. This 2022 turns 40 years as a journalist, a profession that perpetrates having worked in newspapers, radios, television channels and mini media. He has published 26 books, is a full professor at the Universidad Mayor de San Andrés, was a jury of the Cervantes Prize for literature and 7 times a jury of the Platino Prize for Audiovisual Works in Ibero-America. His information and opinion program has won 7 times the award for the best journalistic program on Bolivian television.

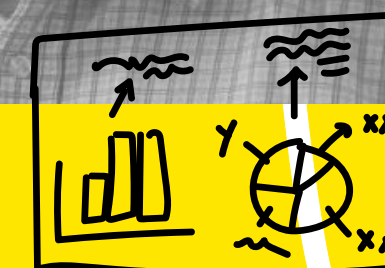
He also worked on IFAD's Regional Support Programme for Amazonian Indigenous Peoples (PRAIA) and directed its foundation for 5 years. He has done communication work for several international organizations. He has a degree in Social Communication and has 7 postgraduate degrees.



Luis Tello is a senior economist with more than 40 years of experience in social management and sustainable development in Peru and Latin America. He has led, in the business sector, different socio-environmental issues related to: social-environmental due diligence, strategic planning, social license, conflict prevention and resolution, communication strategies and relationship with multiple stakeholders, local development plans, monitoring of socio-environmental studies, institutional relations, among others.

He has being recognized in the social area for his achievements with positive economic returns for private investments and populations located within the field of the projects.

As General Manager of Phoenix Sustainable Investments S.A.C. (2016 -to date) he has provided consulting or technical support on social and/or environmental issues to many companies with Repsol, Tullow and Perupetro in Peru, developing creative and innovative solutions.



06 AUDIT REPORT

INDEPENDENT AUDITORS REPORT

To the Board of Founders
Fundación Capital – Fundak and Subsidiaries
Panama, Republic of Panama

Opinion

We have audited the consolidated financial statements of Fundación Capital – Fundak and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and statement of cash flows for the year then ended and the notes of the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements fairly present, in all material respects, the consolidated financial position of Fundación Capital – Fundak and Subsidiaries as of December 31, 2022, as well as its financial performance and consolidated cash flows for the year ended on that date, in accordance with International Financial Reporting Standards (IFRS).

Bases of Opinion

We conduct our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are described in more detail in the *Auditor's Responsibilities for Auditing the Financial Statements* section of our report. We are independent of the Foundation in accordance with ethical requirements, which are relevant to our audit of the consolidated financial statements in the Republic of Panama, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The primary objective of our audit is to express an opinion on the basic consolidated financial statement, considered as a whole. The supplementary information included in Exhibits 1 through 2 is presented solely for purposes of additional analysis and is not required part of the basic consolidated financial statements. This information was subject of the same audit procedures applied in the audit of the consolidated financial statement, and in our opinion, it is presented fairly in all material respects in relation to the basic consolidated financial statements considered as a whole.

The consolidated financial statements of the Foundation for the year ended December 31, 2021, were audited by another auditor who expressed an unqualified opinion, dated April 4, 2022.



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Responsibilities of the Foundation Management in relation to the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as Management determines necessary to enable the preparation of these consolidated financial statements to be free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Foundation ability to continue as a going concern, disclosing matters, if any, relating to its continuity as a going concern and using the going concern basis of accounting, unless Management intends to liquidate the Foundation or cease operations, or has no more realistic alternative than to do so.

Management is responsible for overseeing the Foundation financial information process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material error, where it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users, taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we apply our professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assessed the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks; and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained to date from our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

We communicate with management officers regarding, among other matters, the planned scope and timeliness of conducting the audit, and important audit findings, including any material internal control deficiencies we identified during our audit.

Report on Other Legal and Regulatory Requirements

In compliance with Law No. 280 of December 30, 2021, which regulates the profession of Certified Public Accountant in the Republic of Panama, we declare the following:

- That the direction, execution and supervision of this audit work has been carried out physically in Panamanian territory.
- The audit partner who has prepared this independent auditor's report is Luis Moreno with the suitability number of Certified Public Accountant N°8914.
- The work team received in the audit, to which this report refers, is made up of Luis Moreno, partner in charge, and Ray Valencia, manager in charge.

April 13, 2023
Panama, Republic of Panama



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