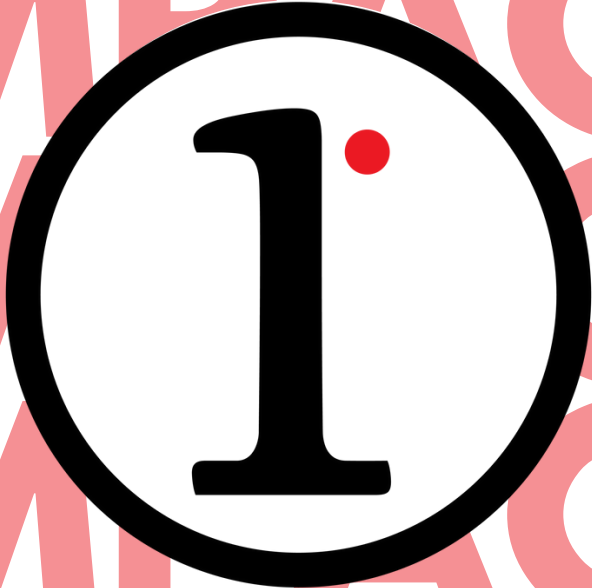


2024

IMPACT IMPACT IMPACT



NIIC 2

USAID
Clean Air

ORE Fund

A2GF

2024

Year in Review

Equity Exits

ROOTS

BUILD

MESSAGE FROM THE MANAGEMENT

HOW WE CREATE IMPACT

NEPAL IMPACT INVESTMENT COMMUNITY 2

Empowering Nepal's Digital Future

INVESTMENT MANAGEMENT

Catalyzing Growth for High-Potential SMEs

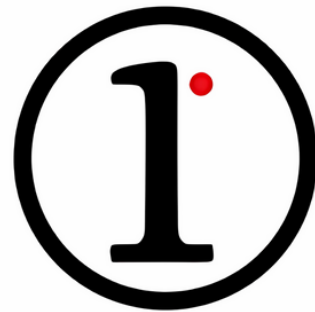
- Off-Grid Renewable Energy (ORE) Fund
- Portfolio Companies

BUSINESS DEVELOPMENT SUPPORT

Empowering SMEs for Growth and Impact

- USAID Clean Air
- Access to Green Financing for Enterprises
- BUILD
- ROOTS

OUR PARTNERS



one to watch



From the Management

2024 has been a transformative year for OTW, marked by significant progress and impactful achievements across the businesses and communities we support. With a steadfast focus on innovation, sustainability, and measurable growth, we have continued to highlight the resilience and potential of the ecosystems we nurture.

A key highlight of the year was the launch of the NIIC 2 Fund, a blended finance initiative designed to bridge the financing gap for tech and tech-enabled SMEs in Nepal. By combining debt, equity, and technical assistance, the NIIC 2 Fund is unlocking growth capital and accelerating the digital economy in Nepal.

We are also preparing for the launch of ORE II, a new blended finance fund managed by OneTrueValue, our joint venture with Truvalu. ORE II will support solar Energy Service Companies (ESCOs) in Bangladesh's textile industry, helping factories reduce their environmental footprint in collaboration with fashion brands committed to cutting Scope 3 emissions.

Our Business Development Services (BDS) portfolio has grown, driving transformative change across the region. We are leading the private sector component of the USAID Clean Air program, empowering businesses to scale solutions for mitigating air pollution and contributing to positive climate action. We piloted a joint program, BUILD with a local municipality, leveraging public-private sector synergies to address urban challenges effectively. In Bangladesh, we have been implementing a multi-year program (A2GF) to support companies in their green transition and collaborate with Financial Institutions to enhance green access to green finance. Furthermore, through the ROOTS initiative, we have successfully facilitated the integration of returnee migrant workers into the workforce, fostering inclusive economic growth.

This year, we celebrated successful exits from our portfolio companies, a testament to their resilience and sustained growth. Our unwavering focus on job creation, community development, gender equity, and climate impact continue to drive our work.

As we look ahead, OTW remains committed to nurturing entrepreneurial ecosystems, promoting clean energy adoption, supporting positive climate action and unlocking finance for transformative businesses. None of this would be possible without the trust and collaboration of our investors, partners, and entrepreneurs. Together, we build. Together, we impact!

Willem and Suman



one to watch

Small and Medium Enterprises (SMEs) are the backbone of many economies, especially in frontier countries like Nepal and Bangladesh. Despite their potential, these SMEs often face significant challenges, including limited capital, poor access to technology, and inadequate business knowledge. **One to Watch (OTW)** addresses these barriers by bridging the "missing middle" in finance and providing essential business support to entrepreneurs.

At OTW, **impact is at the heart of our investment strategy**. We consciously invest in companies that create a measurable positive impact across the triple bottom line: social, environmental, and economic. Our goal is to promote socioeconomic development by supporting SMEs that combine profitability with meaningful contributions to society.

HOW WE CREATE IMPACT



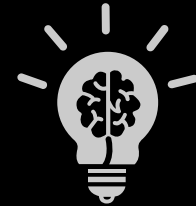
SUPPORTING HIGH-POTENTIAL ENTREPRENEURS

OTW partners with SMEs that demonstrate growth potential and are led by entrepreneurs committed to solving real-world problems and creating jobs. These businesses are the catalysts for innovation, employment, and community development.



CLOSING THE GAPS FOR SMEs

We provide tailored business development services, market linkages, and mentorship during the pre-investment stage to address critical weaknesses in SMEs. Our efforts not only strengthen these businesses but also build a robust pipeline of investable companies.



ON-GROUND EXPERTISE

Our team understands the challenges of local climate and works hand-in-hand with entrepreneurs to overcome them.





NEPAL IMPACT INVESTMENT COMMUNITY 2 FUND

Empowering Nepal's Digital Future

NEPAL IMPACT INVESTMENT COMMUNITY 2 FUND

NIIC 2 Fund is a transformative digital economy-focused fund with an ambition of USD 100 million. It seeks to invest in tech and tech-enabled SMEs in Nepal, aiming to accelerate growth, bridge financing gaps, and drive digital transformation. Supported by the Swiss Agency for Development and Cooperation (SDC), NIIC 2 Fund pioneers a unique financing model in Nepal, blending debt and equity instruments within a single framework, further strengthened by a robust technical assistance component, ensuring comprehensive support for portfolio companies and commercial banks.



\$100 Million Fund Ambition



Targeted Loans to 300 Tech SMEs

Since the fund's launch in **August 2024**, NIIC 2 has seen an encouraging response within just three months, with **65+ applications** from **15+ sectors** currently under review.



BRIDGING THE GAP BETWEEN TECH SMES AND BANKS

NIIC 2 Fund will take a cascading approach beginning with the debt investment arm, followed by an equity investment arm. Managed by OTW, a pioneer in Nepal's private sector-led blended finance, the fund builds on the success of initiatives like the COVID-19 MSME Fund Nepal. OTW offers tech and tech enabled SMEs tailored BDS both before and after loan disbursement to enable their growth, scalability, and long-term success.

Simultaneously, NIIC 2 unlocks opportunities for commercial banks to engage with untapped market segments, creating a sustainable and attractive loan portfolio for tech-sector SMEs. To support this, our technical assistance program equips banks with the data-driven tools, training, and confidence needed to lend effectively to these high-potential enterprises. Through this dual approach, NIIC 2 seeks to catalyze transformative growth in Nepal's digital economy.



**Strengthen bank
capacity for tech
SME lending**



**Provide tailored
support for tech
and tech-enabled
SMEs**



**Build a robust
pipeline for equity
investment**



INVESTMENT MANAGEMENT

Catalyzing Growth for High-Potential SMEs

INVESTMENT MANAGEMENT

The Investment Management vertical at OTW is designed to address the financial challenges growth-oriented SMEs face. SMEs in frontier economies often fall into the “missing middle” — too large for microfinance yet too small or risky for traditional banks. OTW bridges this gap by providing tailored investment solutions that combine capital with hands-on support, enabling SMEs to scale, create jobs, and drive socioeconomic development.



15

Investments in high potential SMEs



€10 million

Funds under management



450⁺

Direct Jobs
35% women



4

Exits (including partial exits)



EQUITY EXITS



WASTE CONCERN

Waste Concern

The Nepal Circularity Fund (NCF), managed by One to Watch, has successfully exited its first tranche of investment in Waste Concern.



Bajra Bricks Tile and Industries

The One to Watch managed fund Nepal Impact Investment Community (NIIC) has secured an exit from their investment in Bajra Bricks Tile and Industries.

PORTFOLIO COMPANIES

Bajra Bricks



Cotton Mill



Gham Urja Sewa



GHAM URJA



Bloom Nepal



Nepal Thopa Sinchai



Gham Power



Waste Concern



Ficus Biotech



SmartTech Solution



OFF-GRID RENEWABLE ENERGY (ORE) FUND

ORE is a fund dedicated to combating climate change in the Himalayas through investments in solar energy. With Nepal facing severe impacts from increasingly erratic weather events—such as floods, landslides, and heatwaves—ORE focuses on climate change mitigation by enhancing access to clean energy solutions. Initially targeting C&I solar rooftops, mini-grids, agri-processing, and utility-scale solar, the fund has since prioritized the commercially viable sectors of C&I rooftops and agri-processing.

ORE Portfolio Companies



Gham Power, a pioneer in solar energy in Nepal, develops innovative solar solutions for agricultural processing, microgrids, & commercial off-grid systems. Serving large industries, small businesses, & households in developing regions, GP plays a crucial role in increasing access to sustainable energy.

Gham Urja Sewa (GUS) is a joint venture between Gham Power and ORE. ORE's equity investment enabled GUS to install C&I solar systems, attracting additional debt funding from local banks, enabling further expansion and the installation of more solar capacity. The project also leveraged government subsidies, significantly reducing risks, ensuring financial sustainability.



This initiative exemplifies the power of blended finance in scaling renewable energy projects while effectively mitigating risks, paving the way for sustainable growth in the sector.



9 MW

Installed 9 MW of solar capacity across 20 companies

8,000 TONS

Reduced CO2 emissions by 8,000 tons, furthering climate change mitigation goals.

Established a scalable blend of financing, leveraging equity, bank loans, and government subsidies







OFF-GRID RENEWABLE ENERGY II FUND

Building on the success of ORE 1, we are preparing to launch , a blended finance fund managed by OneTrueValue (a joint venture of One to Watch and Truvalu), with expanded scope and ambition. ORE II will invest in solar Energy Service Companies (ESCOs) with a focus on the Bangladesh textile and apparel industry, partnering with fashion brands committed to reducing Scope 3 emissions and serving fashion factories as key clients. Additionally, the fund will target the Commercial & Industrial sectors in Nepal, leveraging a blended financing mechanism to unlock long-term, de-risked capital and drive sustainable solar energy adoption. The fund aims to achieve the following targets:



**€ 50 Million
Fund Ambition**



**200
C&I Projects**



**200 MW
Solar Energy**



**100K tons
CO2 curbed annually**





BUSINESS DEVELOPMENT SERVICES

Empowering SMEs for Growth and Impact

BUSINESS DEVELOPMENT SUPPORT

At OTW, we recognize that while Small and Medium Enterprises (SMEs) form the backbone of our economy, contributing significantly to job creation and economic growth, they often face challenges in scaling their operations. To address these barriers, OTW's Business Development (BDS) vertical provides tailored support that empowers growth-stage SMEs to build robust business models, strengthen internal capacities, and access opportunities for expansion and investment.



4000+

Companies
Reviewed



150+

Companies supported with BDS



300+

Entrepreneurs
Trained



€5 million

Growth capital unlocked



CUSTOMIZED BUSINESS DEVELOPMENT SOLUTIONS

Through our tailored BDS programs, OTW helps SMEs identify and address critical gaps in their businesses by offering:



Strategic Advisory



Customized support across
business fundamentals



Access to Markets



Access to Finance

With the support of OTW's local and international network of mentors and service providers, SMEs gain the skills and tools they need to become more resilient and investment-ready. This creates a strong pipeline of investable businesses, directly contributing to Nepal's economic development.

USAID Clean Air



10
Cohort
Companies



354
Jobs
Supported



\$300,000
Capital
Mobilized



~33%
Women
Employees

*As of November 30, 2024



USAID Clean Air is a multi-year initiative to improve air quality in Kathmandu valley. USAID Clean Air is using a multi-sectoral approach to reduce air pollution in Kathmandu Valley by engaging the government, civil society and the private sector. One to Watch is leading the private sector component of USAID Clean Air which aims to enhance private sector involvement and investment in addressing air pollution issues.

As part of USAID Clean Air, One to Watch is implementing the Business Accelerator for Clean Air, an intensive multi-year business development program supporting ten enterprises working to reduce air pollution emissions and exposure in Kathmandu valley. The first cohort of the Business Accelerator for Clean Air program includes companies from diverse sectors including alternative building materials, forest fire prevention, clean mobility and waste management.

One to Watch is providing customized Business Development Services (BDS) to address specific gaps and issues of the companies, encompassing a wide spectrum of services ranging from running digital marketing campaigns and developing website applications to drafting of legal agreements and development of financial models. The Business Accelerator for Clean Air program has been able to make substantial contributions to the growth and capacity enhancement of the cohort companies in their efforts to combat air pollution.

From adoption of electric vehicles in delivery fleet to piloting of eco-friendly Compressed Concrete Bricks (CCB) suitable for construction of houses in Kathmandu valley and establishment of a public bicycle sharing platform, the cohort companies have been able to successfully launch innovative and impactful solutions, contributing to clean air in Kathmandu Valley.



METRO-MASK



Green Road



Aimalayan
Naturals



Access to Green Financing for Enterprises



40

SMEs Selected
for General BDS



13

SMEs Shortlisted for
Customized BDS



2

Bank Partnerships
for providing green
financing to SMEs



1

Training on Green
Financing for SMEs for
Financial Institutions

*As of November 30, 2024



The Access to Green Financing (A2GF) for Enterprises programme is a multi-year initiative that aims to facilitate capacity development, technical assistance and access to green financing for Small and Medium Enterprises (SMEs) across all sectors in Bangladesh. Supported by the Embassy of Switzerland in Bangladesh, the A2GF programme is being implemented via a partnership between Truvalu, One to Watch, and the United Nations Capital Development Fund (UNCDF). The A2GF programme is actively engaging with SMEs, Financial Institutions (FIs), Institutional Investors (IIs), and Policymakers to facilitate access to green financing for SMEs, aiding them in transitioning to a low-carbon and climate-resilient future.

The A2GF programme is strengthening the capacity of SMEs, including women-led enterprises, to better cope with and contribute to mitigation of climate change by equipping them with essential business skills, enabling access to green financing and the adoption of green technologies for sustainable growth. Simultaneously, the A2GF programme is also enhancing the capabilities of Financial Institutions (FIs) and investors to scale up their green portfolios through technical assistance, innovative financing instruments and risk management strategies.



To further these goals, OTW and Truvalu have joined forces under the banner of OneTrueValue, uniting their expertise to improve access to climate financing in Bangladesh. Together, we are set to launch a Green Fund aimed at mobilizing additional funding and fostering partnerships. This fund will focus on financing green solutions through scalable, replicable, and proven financing models, creating significant opportunities for sustainable growth and environmental impact in Bangladesh.



BUILD



20
Beneficiary
SMEs



52
New Jobs
Created



249
Jobs
Supported



~ 69%
Women
Employees



BUILD, a collaboration between OTW, Suryabinayak Municipality (SBM), and the Swiss Agency for Development and Cooperation (SDC), has been a significant success in empowering SBM to support SMEs. Empowering and inspiring sustainable entrepreneurship development at the grassroots level is the genesis behind the BUILD Project. This collaboration was designed to deliver comprehensive business development services, ensuring a holistic approach to fostering sustainable economic development. through targeted business development support to 20 growth-oriented Small and Medium-sized Enterprises (SMEs), strategically positioned to catalyze their expansion and success.

Project BUILD has proven to be a transformative initiative, demonstrating the power of collaborative efforts in supporting SME growth. SBM's leadership is committed to building on this foundation, ensuring continued support for SMEs and driving sustainable development in the region.



#BUILD

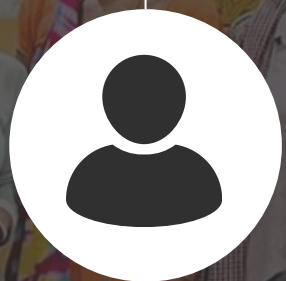
ROOTS



3
**Beneficiary
Companies**



64
**New Jobs
Created**



~ 20%
**Returnee
Migrants**



~ 40%
**Women
Employees**



Nepal's reliance on labor migration has brought significant remittances but limited local economic growth. To address this, OTW, in partnership with PRO2 Foundation, implemented ROOTS focused on integrating returnee migrant workers into the local economy. This pilot project was initiated in Aug 2023 and came to a close in Mar 2024 offering employment opportunities to returnees across six cities in Nepal.

The project's impact extends beyond job creation, as evidenced by the significant representation of women employees & returnee migrants within the beneficiary companies. This underscores our commitment to inclusivity and empowerment, ensuring that vulnerable populations are not left behind in the pursuit of economic resilience. ROOTS also enhanced workforce readiness by offering comprehensive training programs focused on both soft & hard skills for returnee workers. The businesses involved achieved greater operational efficiencies through technology upgrades, which improved customer service and reduced costs.

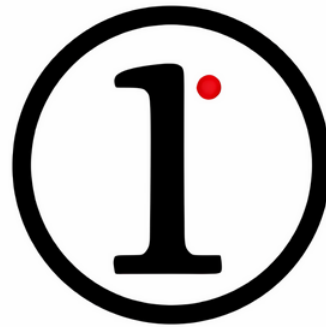
Regional expansion also became possible, with several enterprises opening additional branches and scaling their delivery and production capacities. In addition to economic growth, the project prioritized environmental sustainability by encouraging the adoption of eco-friendly practices. Beneficiary companies incorporated innovations such as electric vehicles and sustainable production methods, demonstrating how economic progress can align with environmental stewardship

The initiative exemplifies how strategic partnerships and targeted interventions can turn challenges into opportunities, paving the way for sustainable growth and long-term economic resilience.



Our Network of Trusted Partners





one to watch



www.onetowatch.nl