

Impact Accelerator

Project Document (Annex A)

Business instrument (E3) as part of the Danish Business Initiative

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1 Introduction

The Impact Accelerator (hereafter “the Accelerator”) is a financing instrument targeting commercial partners, with the aim of strengthening long-term commercial partnerships and a part of the Danish Business Initiative, which contributes to the implementation of the Danish Strategy for Development Cooperation, A Changing World – Partnerships in Development, from 2025, which calls for job creation, trade and investment in developing countries as a core pillar in its ambition to create more equal partnerships. The strategy identifies the local private sector as important. When local businesses grow, they create jobs, either directly by employing people or indirectly through their supply chain, for example by purchasing agricultural products for processing. Jobs are the source of income, which may lead to better food security, health, education and a sense of dignity.

The strategy also points to commercial links with Denmark as one factor in local business development. Danish businesses have relationships with counterparts in developing countries - or emerging markets and developing economies (EMDEs) - through import, export and investments. These links help stimulate business growth, which in turn may create jobs, increase incomes and catalyse sustainable development. The Accelerator seeks to support the expansion and societal contribution of local businesses using the links to Denmark as a point of departure. Since these links are of a commercial nature, they are likely to persist and expand over time. The local, as well as the Danish, companies will benefit, thus creating synergies between Danish business engagement in EMDEs and sustainable development effects.

The Impact Accelerator seeks to develop, catalyse and fund these synergies in pursuit of the overall objective in the Strategic Framework for the Danish Business Initiative.

The core activity of the Accelerator is financing of business enterprises, including small and medium-sized enterprises (SMEs) in EMDEs. SMEs form the backbone of many EMDEs. They account for more than 50 percent of employment and 40 percent of gross domestic product (GDP), according to the World Bank.¹ At the same time, access to finance is a critical obstacle for these companies. The financing gap for formal micro, small and medium-sized enterprises in EMDEs alone is US\$ 5.7 trillion, which is equivalent to 19 percent of the combined GDP of EMDEs, according to the IFC.² That is one reason why Denmark has increased its general efforts related to mobilising finance, also for SMEs.³ The Accelerator contributes to these efforts, with particular focus on using the engagement of Danish businesses as a lever in creating business growth. The Danish businesses provide quality markets, supply inputs, equipment and technology and invest in SMEs in EMDEs.

¹ Carvajal, Ana Fiorella, and Tatiana Didier. "Boosting SME Finance for Growth." (2024)

² SME Finance Gap Report, IFC, 2025.

https://www.smefinanceforum.org/sites/default/files/Data%20Sites%20downloads/IFC%20Report_MAIN%20Final%203%2025.pdf

³ The instrument targets companies from 10 to 499 staff. See further definitions and criteria in Section 5.3.

By offering concessional financing and enabling sustainable business growth the Accelerator will facilitate market linkages and reduce risk of engagement. The ambition is to create and test a new long-term Danish vehicle for deploying investment capital within the mandates of development cooperation.

Operationally, the Accelerator is one of five Danish business instruments launched in 2026 (see Box 1). The justification, relevance and setup should be seen in connection with the entire Danish offer. In practice, reference is made to the Strategic Framework developed for these instruments. This project document is meant to supplement the analyses therein.

Box 1 – Five instruments under the new Danish overall business support initiative

- E1 – Business Explorer
- E2 – Business Partnerships
- E3 – Impact Accelerator
- E4 – Innovation Bridge
- E5 – Impact Investor Partnerships

The vision of all the new instruments is that stronger engagement with the Danish private sector can benefit development and growth for businesses in EMDEs.

The Accelerator will be managed by Impact Fund Denmark (IFDK) and fills an important gap relative to existing facilities by offering lower ticket sizes and a higher risk appetite, complementing instruments such as IFDK's Africa Facility. The design of the Accelerator supports the MFA Strategic Ownership Document for IFDK (2025), which identifies Danish commercial interests as a specific focus area for IFDK and further mandates IFDK to “seek investment partnerships with Danish partners or with local partners in developing countries that can strengthen the value chains of Danish companies” and incorporate “Danish actors and Danish technology into current and future projects.”

In recent years, a range of stakeholders and partners to Danish development cooperation have expressed the need for a vehicle that can offer financing to commercial partners. If IFDK successfully manages the Impact Accelerator and proves to be successful in achieving its expected objectives, additional funding could be channelled to IFDK to further expand investments.

2 Context, main actors, rationale and justification

2.1 Main rationale and justification

EMDEs are playing an increasingly prominent role in the global economy. Over the past 25 years, their share of global GDP has increased from about 25 percent in 2000 to nearly 45 percent in 2024⁴. In EMDEs, a rising middle class is creating an expanding consumer base and driving greater demand for innovative solutions, which in turn generates more jobs and income opportunities. However, political uncertainty, shifting alliances, and global trade tensions are deterring businesses from entering new markets, disrupting international trade and investment flows.

Holding back growth of SME's is a significant constraint on job creation and development. One main bottleneck is access to risk-willing finance. This is why a key priority in Denmark's Strategy for Development Cooperation is to support entrepreneurship and small and medium-sized companies.

Another, closely linked, priority is to use strongholds of Danish companies as a lever to create jobs and growth in EMDEs. Strengthening commercial ties between companies from Denmark, and companies in EMDEs is thus a central priority. Denmark has a great opportunity to help build and strengthen businesses engagement with local SMEs in emerging economies, contributing to job creation, sustainable

⁴ www.thedocs.worldbank.org/en/doc/c50bc3c87bc2666b9e5fa6699b0b2849-0050012025/original/GEP-Jan-2025.pdf, p. xviii

growth, and the achievement of the Sustainable Development Goals. The Accelerator's design is based on the assumption that achieving meaningful job creation and poverty reduction depends on several factors: Directing investment towards firms operating in poorer markets and in sectors with high labour absorption, supporting quality of jobs through ESG and gender criteria, and maintaining a balance between country and sector targeting and the availability of viable Danish-linked partnerships.

The main justification for the present project is that SMEs are core drivers of job creation and development in EMDEs. They represent 90% of businesses and more than 50% of employment in EMDEs⁵. Yet they lack access to appropriate financing, technology and markets due to market failures. By targeting this missing middle, the Accelerator helps unlock the potential and foster local job creation and economic growth, advancing global development goals⁶. In addition, as a secondary, but important rationale is that Danish companies can contribute expertise, technology, market access and capital to companies in EMDEs, thereby contributing to sustainable economic growth and job creation, through long-term economic partnerships that benefit both regions. The ecosystem around Danish companies in developing countries, including Embassies, makes these effects particularly strong.

Finally, Denmark has an interest in supporting engagement of Danish companies in EMDEs to help diversify supply chains and strengthen resilience. However, due to market failures, and the increased global uncertainty, Danish companies are hesitant to engage without support and risk mitigation.

2.2 Main Actors

2.2.1 Local SMEs

Local SMEs (in EMDEs) consists of a highly diverse group, operating across sectors such as agriculture, manufacturing, services, and technology.⁷ These businesses are often the backbone of local economies and play a crucial role in job creation and innovation. However, many SMEs in EMDEs face barriers to growth. Access to finance remains a significant challenge, with many businesses being unable to secure affordable loans or the investment needed for expansion. In addition, SMEs may struggle to find reliable off-takers for their products, limiting their ability to scale and enter new markets and contribute to the SDGs.

2.2.2 Danish Companies

Danish companies include a broad spectrum of corporates and SMEs whose commercial engagement with EMDEs follows different pathways and levels of maturity. Companies that seek to expand into new markets, act as off-takers for products from EMDEs, export equipment and technology, or other types of commercial partnerships face difficulties in navigating unfamiliar regulatory systems, identifying reliable local suppliers and partners, and adapting to diverse business environments. Access to export finance is also a key constraint, as export credit agencies such as EIFO typically require sovereign guarantees that are difficult to obtain in many EMDEs. Success in these markets typically requires strong local knowledge, robust networks, and the ability to build trust with local stakeholders.

To address these barriers, Danish companies often rely on the support provided through Denmark's economic diplomacy system, including embassies, the Trade Council and related initiatives, which help

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<https://documents1.worldbank.org/curated/en/099092724122562655/pdf/P1790051b7ddde0d51b13b12b908018aa52.pdf>, p. 1

⁶ Large, well-established companies are of course also important for sustainable development, but do not face the same obstacles as SMEs in their efforts to access finance, technology and markets.

⁷ The EU definition for SMEs and small mid-cap companies is used, see selection criteria below.

provide relevant market information, identify credible local partners, and facilitate access to relevant networks. Similarly, the Accelerator complements these efforts by offering risk-willing capital and partnership facilitation that make it easier and safer for Danish companies to enter or expand in EMDE markets.

2.2.3 Impact Fund Denmark

Impact Fund Denmark (IFDK) is Denmark's most experienced EMDE investor and thus plays a crucial role in the sector. Adding the Accelerator to IFDK's suite of financing tools allows IFDK to expand its offer to companies in EMDEs and to deepen its impact. IFDK's existing instruments primarily focus on large ticket-size investments, typically between DKK 15 million to DKK 500 million, amounts often way beyond the financing needs of Danish companies, especially for many smaller or newer entrants in these markets. This leaves a significant financing gap, the missing middle, for SMEs seeking smaller-scale investments.

While IFDK recently launched the Africa Facility, which does lower ticket sizes, many companies with strong impact potential remain too small, inexperienced or too risky for IFDK's current investment profile. These are the businesses that this fund aims to target. The Accelerator will offer smaller ticket sizes and a different risk-return-impact profile. IFDK Regional offices will play a key role in sourcing, assessing and monitoring investments.

Investing in SME with small ticket sizes requires more management resources per invested amount and is often also riskier than engaging in larger ticket size investments with bigger, more robust, companies. Therefore, financial returns net of cost are significantly lower.

2.2.4 Local Investment Funds and Banks

Local investment funds⁸ play a crucial role in supporting SMEs and entrepreneurs in emerging and developing markets. With deep knowledge of local markets and close relationships with their portfolio companies, these funds are well-positioned to identify promising businesses and provide tailored support. However, they often face significant challenges in finding secondary markets and securing exits from their investments, which can limit their ability to recycle capital and scale their impact.

2.2.5 Lessons from Previous Engagements

The design of this new instrument draws on experiences from past instruments linking Danish businesses to development interventions. One key learning is the importance of ensuring that partnerships are mutually relevant and beneficial for both Danish and the local partner. If there is no interest from the local side, the intervention will simply disappear once the grant period is over and not create any lasting impact. Finally, a general finding is that the number of Danish companies with commercial interests in EMDE's is limited in general, and even smaller for Least Developed Countries (LDCs). Developing and sourcing pipeline is thus very important for the Accelerator to be a success.

3 Objectives and Intervention Logic

3.1 Overall objective and key outcomes

The Accelerator takes a long-term perspective to generate development effects. The approach is to support sustainable private sector development, decent job creation and market development in EMDEs,

⁸ This would include local PE or venture funds that invest in SMEs

while leveraging commercial engagement with Denmark as part of this effort. However, EMDE markets are in many cases not the first choice for companies in Denmark. Therefore, to ensure lasting development effects in EMDEs, the underlying commercial models must be viable and mutually beneficial for EMDE companies and their Danish commercial partners in order for engagement to be sustained over time. The objective is therefore to use durable, long-term commercial engagement as a means to generate development outcomes in EMDEs.

. With that in mind, the overall objective is:

Economic growth, support the creation of decent jobs, and development in EMDEs through a strengthened economic engagement with Denmark. The two key outcomes are:⁹

Outcome 1: Supported companies expand sustainably and generate inclusive growth in EMDEs (EMDE SMEs, Danish companies operating in EMDEs, joint ventures)

Outcome 2: Supports long-term market development, sustained private investment, and technology and knowledge transfer in EMDEs through commercial engagement between EMDE companies and Denmark.

3.2 Theory of Change and key assumptions

The theory of change is the following:

If the Accelerator actively sources investment opportunities, builds pipelines, and facilitates commercial linkages between Danish companies and firms operating in EMDEs, then capital-constrained businesses will receive targeted, concessional and risk-tolerant financing.

And if the Accelerator conducts targeted engagement with key business member organisations and other ecosystem stakeholders through structured outreach activities, then awareness and understanding of the Accelerator's mandate, instruments and eligibility criteria will increase among relevant intermediaries and potential partners. This increased awareness will improve the identification of eligible investment opportunities, strengthen pipeline development, and facilitate more efficient matching between Danish companies, local firms in EMDEs and the Accelerator's financing offer.

And if in that way, the facility can identify investees where appropriate risk-tolerant capital is a meaningful constraint on viable business expansion, and if other enabling conditions, including market access, management capacity, skilled labour and a minimally functional regulatory environment, are sufficiently present

Then this financing will enable productivity improvements and business expansion in EMDE operations.

Leading to increased productivity and business growth in support of direct and indirect jobs and higher value added.

Because supported companies will upgrade production processes, adopt higher sustainability standards, and engage in longer-term commercial relationships. These partnerships will support long-term market development, strengthen economic integration, and facilitate technology and knowledge transfer in EMDEs where partner-fit is established at deal level.

⁹ Outcomes 1 and 2 contribute to focus area 1 of the Danish Strategy for Development Cooperation, "Job creation, economic growth, trade, and investment" as well as focus area 3, "A just, sustainable and green transition". Measurement of outcome will be at the end of each investment, and then primarily with qualitative means. This is to ensure an assessment of attribution between the investment and the outcomes.

In addition, environmental and climate performance may improve, where the investments support resource efficiency, cleaner technologies, or sustainable production models.

One key **assumption** is that investments will have a net positive effect on jobs creation. Labour-saving modernisation must not lead to job loss or potential negative net effects will be off-set by positive effects in the wider supply chain or ecosystem.

Another **assumption** is that Danish partners can credibly contribute with market access, relevant technologies, quality standards or capital that the EMDE company would not otherwise access on comparable terms.

The following sections provide more details on this overall Theory of Change together with a more thorough analysis of assumptions.

3.2.1 Effects from capital injection

Capital injection is at the core of the Accelerator. A key assumption is that capital is a binding constraint for many SMEs in EMDEs seeking to expand and potentially partner with a Danish company in doing so. Capital combined with other services such as links to off-takers or business development support is likely to increase the effect. Businesses growth leads to productivity increases for the company which in turn will create additional net activity in the economy. Productivity increase means that the company must not only grow bigger but should also achieve higher output (in value) per input (labour, supplies). The resulting business growth will lead to decent job creation, either in the form of direct, indirect or induced jobs.¹⁰ In practice, job creation may involve the addition of jobs or replacement of lower productivity jobs with higher productivity jobs. A net positive direct job creation is thus a positive sign, but not a condition for positive effect overall.

Box 2: Jobs

Direct jobs: *Jobs at the level of the businesses.*

Indirect jobs *are when business growth leads to increased jobs in the supply chain of the company.*

Induced jobs *may result from reinvested savings elsewhere in the economy.*

The assumption for additional capital to lead to business growth is that the company is capital constrained, and that other elements necessary for business growth are present. Availability of markets, inputs, skilled labour, and management capacity are all examples of necessary preconditions for capital to lead to business growth. Framework conditions may be challenging, but not to the extent that it prevents business growth.

The increase in economic activity at the level of the business may create higher income for the same amount of people or income for more people (or both). Beyond direct effects within the company, such expansion may also generate indirect effects in the broader economy. For example, increased production often raises demand for inputs and services along the value chain, thereby stimulating economic activity among suppliers and distributors. At the same time, productivity improvements may lower production costs, potentially leading to more affordable goods and services. In case these goods and services are in turn produced or used by poorer segments of the population, the cumulative effect can contribute to poverty reduction. Consider the case of an agro processing company, who invests in new equipment. At firm level, automation replaces low productivity jobs with higher productivity jobs. In the supply chain, the increase in offtake then leads to higher incomes amongst suppliers, such as small-holder farmers, which would in turn increase their incomes. As such, the overall poverty or impact on economic growth

¹⁰ For a thorough assessment of the connection between business growth and job creation see [Chapter 3 in The World Bank Group \(2013\): "Jobs"](#). The report describes the typical positive net job effect from productivity increases.

in the eco-system of the investment, depends not only on changes at firm level, but also on how gains are distributed across the wider value chain.

Nevertheless, quantitative business growth, productivity (measured in outputs) or simple increase in the number of staff is not sufficient for impact. Quality matters as well. A necessary assumption for impact is thus that IFDK as investor will have sufficient leverage to pursue qualitative improvements. Jobs must be decent, following ILO's criteria of fair pay, health and safety and equal opportunities, among others. ESG requirements, as well as specific frameworks such as gender lens investment, climate-aligned investments, responsible business conduct and environmental sustainability will ensure these efforts.

3.2.2 Effects from increased engagement with Denmark

Increased engagement with Denmark may be in the form of export, import or investments. Supply to, or offtake from, Danish-owned companies also constitute increased engagement.

Export from a target company can lead to increased volume of sales or increase value of sales, if clients demand more complex and thus valuable products.¹¹

Import into a target country may increase productivity, e.g. by enabling the use of new technology or high value supplies.

Investments enable local joint venture firms to be established and grow. If successful, they will in themselves create jobs but may also increase the demand for quality inputs in the market.

In Tanzania, the use of advanced Danish grain processing and storage technology leads to lower post-harvest loss and increase in quality and quantity and thus the value of goods sold.

In Kenya, a juice producer reported the willingness to purchase pulp locally if the quality was at the right level.

3.2.3 Market effects

A potential effect from this intervention lies not only in the direct effects on the businesses and their supply chains, but also in wider market effects.¹² A commercially successful investment in a company venturing into a new sub-sector or using a new technology may have demonstrations effects. Moreover, the use of private sector finance instruments may crowd in private capital, even once the intervention is over. Spill-over effects may happen when new technology is introduced in one company in a larger market and then adopted by other companies. Capital mobilisation may happen at the level of the company through direct co-investors, at the level of the investment funds or wider in terms legitimising new types of investments.

In Northern Nigeria, Arla has established a milk farm with 400 cows. The farm supplies milk to a nearby Arla-owned yogurt factory, but serves also as learning center for the region.

The Accelerator should particularly prioritise the pursuit of market effects, e.g. through publishing success stories and best practice papers and hosting industry tours and seminars. Measurement should track market effects. Recognising that attribution will be weaker, qualitative methods and indicators should be used.

¹¹ For this reason, the Atlas of Economic Complexity and the thinking behind it can be used to source or select investments. <https://atlas.hks.harvard.edu/>

¹² https://ieg.worldbankgroup.org/sites/default/files/Data/reports/chapters/sme_chap2.pdf

3.2.4 Effects on job creation, poverty reduction and pollution

The Accelerator's contribution to job creation and poverty reduction relies on the pathways set out above. Business growth and productivity gains in supported companies create decent jobs, while the poverty effect depends less on jobs at firm level than on how gains are distributed across the wider value chain. The jobs creation may be directly, indirectly, or induced, but monitoring will focus on the two former types.

Where supported firms source from smallholder farmers and small suppliers, or lower the cost of goods and services consumed by poorer segments, the cumulative effect reaches beyond the company itself. Quality matters alongside quantity: active ownership will ensure emphasis on decent jobs in line with ILO criteria, and IFDK's position as investor is used to pursue these qualitative improvements.

The design parameters are deliberately broad: sector openness, the flexible SME and small mid-cap definition, and the range of financing modalities. This reflects a real constraint: only a limited number of Danish companies have genuine, long-term engagement in EMDEs, and experience from the Africa Accelerator shows that requiring a commercial link to Denmark sharply reduces the pool of eligible investees. Experience from previous, similar instruments clearly show that pipeline is thin and that sourcing the right partnerships and investment projects is very important. The potential for creating development effects by building on and supporting long-term engagement with Danish companies and investors is there, but only if the engagements are truly beneficial for all parties. If not, sustainability or effectiveness will suffer. Narrowing the design towards more fragile geographies and harder-to-reach segments is possible and would sharpen poverty focus, but it would also reduce the number of viable partnerships and put the commercial viability of investments at greater risk, and with it the effectiveness of the intervention as well as the sustainability of the jobs created.

The Accelerator therefore manages this trade-off through deliberately wide criteria as well as active sourcing, while at the same time assessing strength of the impact thesis and the distribution of value-chain effects when the pipeline allows.

Reduced pollution is pursued through the same logic. The IFDK Exclusion List screens out environmentally harmful activities, while the priority given to green infrastructure, sustainable food and agriculture, and resource-efficient technologies steers the portfolio towards cleaner production. ESG requirements and climate-aligned investment criteria ensure that environmental performance improves investments support resource efficiency and cleaner technology, avoiding significant environmental harm.

3.2.5 Assumptions

A number of assumptions must hold for investments and strengthened commercial engagement to lead to development in EMDEs.

It is assumed that:

1. Access to appropriate risk-tolerant capital is a binding constraint for supported companies, and that financing on fully commercial terms would not otherwise be available. A sufficient pipeline of such opportunities can be identified (financial additionality).
2. The concessional element of the Accelerator's financing accrues primarily to the EMDE investee in the form of expanded productive activity, rather than to the Danish partner in the form of competitive advantage. The additionality assessment is able to capture these elements, and deal-level design of the capital structure are sufficient to account for this, including the right combination of equity and debt.

3. Productivity improvements and business expansion in EMDE operations will translate into more net direct and indirect jobs supported. While productivity gains may in some cases reduce low-productivity employment, reinvestment and market expansion are expected to generate positive net employment effects over time. The firm-level employment effect of productivity-enhancing investment is often ambiguous ex ante. The assumption is justified by a focus on expansion-driven rather than labour-substituting investments as well as indirect and induced employment through value chains and supplier relationships. Jobs that are displaced are expected to be at least replaced over time, and the indicator framework captures direct and indirect employment rather than direct employment alone. Induced jobs may further contribute to positive net job effects.
4. Supported companies comply with applicable national regulations and the Accelerator's ESG requirements ensure alignment with relevant international standards, thereby avoiding significant environmental or social harm. This assumes the Accelerator holds sufficient shareholder or governance leverage to enforce its ESG requirements, including in minority-equity or debt positions. It is further assumed that the Accelerator's participation reduces perceived risk and thereby mobilises additional private capital alongside or following its investments.
5. Basic enabling conditions are sufficient for capital to translate into business growth. These include market access, management capacity, currency fluctuations and a minimally stable regulatory environment.
6. Firm-level gains are distributed across the value chain and adjacent sectors so that poorer segments benefit, i.e. a distributional assumption. This assumption has an element of "trickle down", yet it is more specific and thus better justified than a general assumption that gains to capital or to the wealthy automatically diffuse to the poor through aggregate growth. In this case, productivity and output gains at a specific, supported firm have effects along its value and supply chain: to suppliers (e.g. smallholder out-growers), distributors and wage labour. The firm's outputs may also be consumed by poorer segments so that part of the gain reaches them. This is a deal-level, sector-specific transmission channel, which is easier to test and is generally found to be supported in the preparatory work for the Accelerator.
7. Where investments support Danish market access into EMDE markets, they do not materially displace existing domestic production such that local employment gains at the supported firm are offset by losses elsewhere in the EMDE economy. Deal-level due diligence assesses the competitive and market-structure implications of such investments.
8. IFDK can expand its capacity to manage high-risk partnerships at early stages of businesses, lower ticket sizes and focus on market creation.
9. Given the above, it will be possible to cultivate and identify a sufficient number of investees with Danish links.

Each of these assumptions is reflected in the Risk Matrix, where corresponding risks and mitigation measures are identified. The Risk Matrix (Annex 3) includes a column cross-referencing each risk to the assumption to which it relates.

3.3 Additionality

The above theory of change may play out even in the absence of the intervention. Private capital markets may in and of themselves increase capital in these very companies and Danish companies interact with businesses in developing countries on market terms. The Accelerator should invest in contexts, where deals are not happening by themselves. In other words, deals under the accelerator must be additional.

Assessments of additionality follows IFDKs existing framework. Each intervention is assessed using the following questions: “Would this investment happen, in this impactful way, without the Accelerator’s involvement?”¹³ Additionality, causality and the theory of change are tightly linked.

Financial additionality is a particularly important aspect: The capital provided should not be available from commercial investors or the capital should mobilise private capital that would otherwise not have been invested.

The approach to additionality is based on the methods used by Impact Fund Denmark as described in “IFDK’s Financial Additionality Approach” from 2025. This in turn is based on the Growth Diagnostics framework¹⁴ and in line with guidance on blended finance from the OECD DAC¹⁵.

Additionality will be assessed ex-ante at two levels:

1. Country level (including sector)
2. Deal level

The country level additionality is assessed based on domestic finance, international finance, appropriability of returns, and productivity.

For deal-level additionality, one of the following four conditions must be true:

3. Capital is not sufficiently available, *indicates that the investee could not secure funding from other sources.*
4. Low return to private sector activity, *indicates high perceived risk or poor investment climate discouraging private capital.*
5. General market conditions are unfavourable, *indicates broader market or macroeconomic barriers.*
6. Engagement is leading to mobilisation, *indicates that IFDK’s participation is critical to attracting other investors, especially private capital.*

With a starting point in its existing procedures, IFDK should describe specific procedures for assessing additionality for the Accelerator.

Development additionality

Financial additionality is necessary but not sufficient. Deals under the Accelerator must also be additional in development terms: the positive development outcomes anticipated in the theory of change should not be expected to materialise in the same way, at the same scale, or within the same timeframe without the intervention.

Development additionality is assessed at deal level by asking whether the Accelerator's involvement meaningfully changes the nature, depth, or reach of development impact. Relevant considerations may be: whether the investee would otherwise operate in a less inclusive or lower-impact manner; whether the Accelerator's engagement changes business practices, market access, or employment conditions for target beneficiaries; and whether the deal reaches geographies, value-chain segments, or population groups that commercial investors would not prioritise.

¹³ The approach to additionality follows the principles laid out in “IFDK’s Financial Additionality Approach” from 2025. As for the practical application, a simpler method should be developed due to the small size of the facility.

¹⁴ Rodrik D, Hausmann R, Velasco A. Growth Diagnostics. 2005.

¹⁵ [OECD DAC Blended Finance Guidance 2025 \(EN\)](#)

3.4 Synergies with other instruments

Globally, the MFA is taking a comprehensive approach to build a palette of instruments for partner country companies and Danish companies to invest, grow and contribute to the development agenda in EMDE countries.

Four other business instruments funded by the Danish MFA provide support, which complement the Accelerator. Within the Strategic Framework covering all five instruments under the Danish Business Initiative, the relationship between the Accelerator and the other Danish business instruments is described. Strategic coherence and adaptive learning are ensured at portfolio level.

In addition, IFDK already has a number of instruments which complement the Accelerator.

The Business Explorer (E1) may be used prior to investments, to enable Danish businesses to explore new partnerships. The Accelerator may also complement the Business Partnerships (E2). Impact Ventures implements a number of investments mandates, which are relevant in this respect, including the Africa Facility.

The Accelerator must on the one hand create strong development results, but on the other increase Danish companies' interest in EMDEs and thus pave the way for the use of complementary support facilities that are available for Danish companies in general, and for internationalisation in particular. EIFO provides several of these, for example loan and equity for business growth in Denmark and export guarantees, which increasingly is available for EMDEs.¹⁶

One ambition of the new Danish Strategy for Development Policy is to better integrate the different offers of support available to Danish companies and other stakeholders engaging in EMDE's. At Danish Embassies, Economic Diplomacy functions, which work closely with Danish companies, will contribute actively to integrate sustainable development outcomes with commercially viable engagements aligned with partner-country priorities and built on fostering equal partnerships. At the same time, development cooperation instruments, including bilateral cooperation, the Danish Business Initiative etc., should help strengthen the competitiveness and long-term sustainability of business engagements by supporting responsible business conduct, resilient value chains, corporate sustainability and commercially sustainable business models that contribute to inclusive and sustainable development.

4 Results framework

The detailed results framework is in Annex 2. Based on a model-portfolio exercise, the Accelerator targets 15-20 investments over the implementation period, with an average ticket size of DKK 6 million, and the cumulative creation or support of at least 500 direct and 30,000 indirect decent jobs by 2033. The targets reflect the SME focus of the instrument and the high default rate typical of early-stage investing in frontier markets. The targets are subject to review during implementation as the portfolio develops.

Project	Impact Accelerator
Project Objective	Economic growth, support the creation of decent jobs, and development in EMDEs through a strengthened economic engagement with Denmark

¹⁶ An overview of the system can be found, for example, in this evaluation: Erhvervsstyrelsen (2023): *Evaluering af erhvervsfremmesystemet*. København: Erhvervsstyrelsen, november 2023. <https://erhvervsstyrelsen.dk/rapport-evaluering-af-erhvervsfremmesystemet>

Outcome 1		Supported companies expand sustainably and generate inclusive growth in EMDEs (EMDE SMEs, Danish companies operating in EMDEs, joint ventures)	
Outcome indicator 1.1		Number of direct and indirect employees (FTEs) supported in EMDE operations	
Baseline	Year	2026	0
Target	Year	2033	a. 500 direct jobs b. 30,000 indirect jobs
Outcome indicator 1.2		Percentage increase in value added	
Baseline	Year	2026	At investment start (company-specific baseline)
Target	Year	2033	a. % increase from baseline, to be calculated once baseline data is confirmed b. Estimated value added in DKK: 1.0
Outcome indicator 1.3		Tonnes CO ₂ e avoided in EMDE operations	
Baseline	Year	2026	0
Target	Year	2033	10,000
Outcome indicator 1.4		Volume of water used for the company's operations (m ³)	
Baseline	Year	Baseline	Year
Target	Year	Target	50,000
Outcome indicator 1.5		Amount of waste reduced through programs for substitution, recycling or recovery	
Baseline	Year	Baseline	0
Target	Year	Target	TBD

Outcome 2		Supports long-term market development, sustained private investment, and technology and knowledge transfer in EMDEs through commercial engagement between EMDE companies and Denmark.	
Outcome indicator 2.1		Number of supported companies in EMDEs that adopt at least one new technology, international production standard, or ESG policy/system introduced through Danish commercial engagement	
Baseline	2026	2026	0
Target	2029	2030	15
Outcome indicator 2.2		Total value of private capital mobilised (co-investors, follow-on finance)	
Baseline	2026	2026	0
Target	2029	2030	150m
Outcome indicator 2.3		DK partners report that they will continue investments and trade with DK after project support (2033 onwards)	
Baseline	2026	2026	N/A
Target	2029-33 (at exit)	2029-33 (at exit)	50%
Outcome indicator 2.4		Percentage of surveyed key business member organisations and other stakeholders with moderate or high awareness of the Accelerator	
Baseline	2026	2026	0
Target	Year	2029-33	60%

5 Summary project description

5.1 Summary of the instrument

The purpose of the Accelerator is to facilitate businesses in EMDE countries to grow in a manner that contribute positively to the development agenda through e.g. job creation and contribution to the climate and environment agenda. The Accelerator will make available technical assistance and finance. Through its choice of partners, the Accelerator will catalyse Danish engagement with EMDE companies, which can unlock new markets in Denmark and in partner countries and bring new technologies and approaches to live in new settings. Investments will require proactive sourcing and pre-investment pipeline building. In addition, post-investment activities should increase business development, growth and market spill-

over learnings. Overall, the Accelerator not only provides financing, but also supports a wider ecosystem of partnership building.

The Accelerator will catalyse business expansion in two interlinked ways:

- 1) By providing growth capital, business development support, and technical assistance for companies
- 2) By promoting partnership and collaboration between local and Danish companies

Beyond the specific deal, the Accelerator prioritises investments that in the long term can transform markets. To achieve these wider market effects, the Accelerator share successful business stories and models to create demonstration effects that encourage replication. For instance, showcasing how Danish processing technology increases value-add in the local agricultural sector can legitimize new technologies for the broader market. Ultimately, the goal is to crowd in capital, create business growth and strengthen engagements with Denmark. By de-risking first-movers, the Accelerator aims to inspire others to do business with Denmark, and crowd-in commercial banks, local funds, or larger DFIs for follow-on investment.

5.2 Growth Capital and Technical Assistance

5.2.1 Support modalities

The key support modalities are loans, equity, business development support, and TA to private companies in EMDEs as well as partnership support. The investment product will be adjusted depending on the market, the connection to Denmark and the investee. The starting point, however, is a performance-based loan or equity investment.

For **loans**, targeted characteristics are:

- Grace period adjusted to the investment prospect, up to 1½ years.
- Tenor up to 5 years, but longer is possible.
- Interest rate determined by IFDK's interest rate matrix and risk rating tool. Include an option to deviate from the standard interest rate by excluding different risk elements, as country risk. The instrument will conform to EU State Aid reference rates for Market Economic Operators.¹⁷
- Performance-based upside: IFDK may get a market-based interest rate or higher if targets are met, including targets on turnover and profits in the 1 or 2 years of the loan.
- Low or no collateral requirements.
- The loan can be in local currency when preferred by the local company.
- Where applicable, the overall financing terms, including the interest rate, grace periods, tenor, collateral requirements and associated technical assistance or similar elements, individually or in combination, will comply with EU State Aid requirements and relevant market-conformity principles.

IFDK will use a risk-based approach, while adjusting requirements where appropriate and permissible in order to develop the market for Danish-linked investments. The rating tool and matrix incorporates key risk factors and meets industry standards.

For **equity investments**, targeted characteristics are:

- Holding period of 5 years, but can be longer

¹⁷ [Commission notice on current reference rates, PUB/2024/310](#)

- Plan for exit of the Accelerator and potentially re-investment by other IFDK products
- IFDK appointed board member or board observer

5.2.2 Partnership and Collaboration

The investment process differs from standard IFDK processes with smaller ticket sizes, higher degree of business development support, and an additional focus on Denmark. Projects will often be more immature compared to the overall IFDK portfolio. This requires a more extensive engagement of IFDK staff, not only at the time of sourcing, but also to get the projects off the ground. In the case of joint investments, IFDK may support the development of a business plan development, local sector analyses or due diligence.

In import or export scenarios, Danish companies may need support in assessing their EMDE supply chain partners, strengthening responsible business conduct and corporate sustainability practices across value chains, and determining which elements create synergies for the Danish company as well as for the EMDE partner while improving competitiveness, resilience and market access.

Pre-investment, IFDK may carry out tasks related to deal pipeline and investment preparation, in cases where these are not eligible for financing under E1. For example:

- Feasibility studies and bankability assessments for potential investees.
- Business plan development for SMEs or early-stage companies.
- Environmental and social due diligence (ESDD/ESIA) to bring deals to investment standards.

Post-investment tasks may relate to investee capacity building:

- Financial management and reporting systems.
- Corporate governance improvements (board structure, audit, compliance).
- ESG management systems and reporting (aligned to IFC Performance Standards or similar).
- Gender and inclusion action plans.

5.3 Selection criteria for investees and projects

IFDK has strong and established procedures for identifying, screening and selecting companies, which will contribute to development impact in EMDE's.

The Accelerator will only finance business growth that can prove positive societal or environmental effects, particularly supporting decent jobs, but also for example renewable energy expansion or products and services targeted the poorest segments of the population. In addition, a key criterion for success is that an investment strengthens the commercial engagement with Denmark. For example, this may take the form of concrete value-chain linkages or a business partnership with a Danish company, such as a Danish buyer sourcing from the investee or a Danish technology provider supplying equipment. The selection criteria ensure that investments are relevant and additional both in local markets and for Danish commercial engagement, while supporting commercially viable business models that contribute to sustainable development.

Experience from previous similar facilities shows that building a pipeline of strong investable projects is a core challenge. For that reason, the selection criteria are divided into “Core eligibility criteria” and “Additional selection criteria”, the latter used only if the pipeline is strong.

5.3.1 Core eligibility criteria

In order to be eligible for finance, the investment project must:

- Contribute to positive environmental and/or social impact through commercially viable business activities.
- Strength of the impact thesis. Impact may be direct, indirect or induced, and the project has a strong impact thesis. If impact plan not in place, the partner shows willingness to develop one. The potential of system effects is particularly important, for example demonstration and spill-over effects from taking risks in new markets. See the Theory of Change for further guidance.
- Include a potential or existing economic engagement with Denmark. Following the criteria of the Africa Facility, this includes investees with export, import or investments from Denmark. Other Danish links could also qualify, for example suppliers to Danish joint ventures.¹⁸
- Not involve in activities listed in the Impact Fund Denmark Exclusion List,¹⁹ including forced labour, weapons, alcohol, but also export based on long-haul flights, non-green meat and dairy production etc.
- Take place in an emerging market or developing economy.
- Turnover of at least DKK 750,000. Can absorb an investment loan between the range of DKK 750,000 to DKK 15 million with an assumed average of DKK 6 million. In exceptional cases, the Accelerator may invest in greenfield operations where there are no turnover or profits.
- As a point of departure, the company must be an SME or in exceptional cases a small mid-cap, following EU definition.²⁰

5.3.2 Additional selection criteria

In addition, the following criteria will be used in selecting projects:

- Commercial viability. Projects should convincingly demonstrate economic viability through one of two pathways: The potential for a follow-on investment, as demonstrated through an investor analysis or a specific interest from an investor or lender, or income sufficient to repay the performance-based loan at the minimum interest rate given the risk model (see the section on support modalities).

5.4 Sourcing

IFDK will with this new facility proactively source investment by drawing on:

- Own investment professionals with relevant network
- Local presence across five regional offices
- A strong network among fund managers, M&A advisors and likeminded investors
- Participation in relevant industry and sector specific event and conference
- A continuously improving brand, as a strong financial partner

IFDK has managed to build a pipeline through its outreach to the Danish business community, including collaboration with Danish business associations, and hosting of events for Danish companies and capital owners. In February 2026, IFDK together with EIFO hosted the Global South Growth Summit. An event with more than 200 participants including many Danish companies.

¹⁸ The Africa Facility also invests in Danish companies and Danish foundation with activities in Africa.

¹⁹ <https://impactfund.dk/wp-content/uploads/2025/08/22/exclusion-list-revised-with-ifdk-2025.pdf>

²⁰ EU's SME and small mid-cap definitions are used. An SME is a company which satisfy the following two criteria (a and b): a) less than 250 full time staff and b) annual turnover less than EUR 50 million or a total balance sheet less than 43 million (EU 2020, *User guide to the SME Definition*, [doi:10.2873/255862](https://doi.org/10.2873/255862)). Small mid-caps have below 750 staff and EUR 150 million in turnover (EU 2025, *Small Mid-Caps*, [doi:10.2873/4668568](https://doi.org/10.2873/4668568)). If assessed relevant, local definitions may be used instead.

The purpose of organising events and increasing engagement with Danish business associations and Danish companies is to strengthen the knowledge of IFDK's offering to Danish companies and to build a pipeline. Other relevant sourcing channels are

- Danish Embassies, including Economic Diplomacy Sections (previously Trade Councils).
- MFA's new funding and financing One Stop Shop
- Events hosted by Danish Business Membership Organisations
- EIFO
- Referrals from existing investments and contacts in business communities

5.5 Target countries & sectors

The Accelerator can finance projects in all countries on the OECD DAC list of ODA. The broad country scope allows to build a diversified portfolio and mitigate the risk of a not having enough relevant projects in the pipeline.

However, the Accelerator will prioritise countries where:

- Impact Fund Denmark has a local present or long investment track record
- There is a Danish representation
- There are existing strong commercial ties to Denmark
- There is a high demand from Danish business to finance local activities (e.g. Danish business expanding to country)

5.5.1 Target sectors

Experience from the Africa Facility shows that the requirement of a commercial link with Denmark significantly reduces the number of potential investees. For that reason, the Accelerator will be open to all sectors in principle. That said, the following sector considerations will determine the active sourcing of investees and choice of country focus:

- Target sectors of Impact Fund Denmark: Green infrastructure, food and agriculture, health, financial services, technology.²¹
- Sector division in Trade Council (sector advisory teams).

6 Crosscutting concerns and requirements

The Accelerator will base its work with cross-cutting issues such as human rights and sustainability on existing sector standards, in particular DFIs and Impact Fund Denmark. Central standards are the IFC Performance Standards, OECD Guidelines, UNGPs, the Operating Principles for Impact Management, Paris alignment commitments, and the 2X Challenge for gender.

IFDK's overall ESG framework will serve as a baseline requirement for environmental and social management, labour standards, community impacts, and governance as defined by IFC Performance Standards and OECD/UNGP expectations.

²¹ The Africa Facility is sector agnostic,

6.1 Corporate Sustainability and Core ESG requirements

The below requirements are minimum corporate sustainability and ESG requirements that all investments must adhere to. IFDK will not invest if companies are not aligned. (link to annex with key policies)

- All partners must also ensure that any activity is in full compliance with United Nations (UN) Security Council Sanctions [and] European Union (EU) Restrictive Measures.
- All partners must be firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism. Consistent with UN Security Council Resolutions relating to terrorism, including but not limited to, UNSC Resolution 1373 (2001), 1267 (1999), 2462 (2019), and EU autonomous measures to combat terrorism,

Contracting, monitoring, and portfolio management integrate these standards as part of normal operational due diligence.

6.2 Improving ESG Standards

As part of any investment, IFDK will carry out assessments and due diligence related to ESG. Areas that need improvement will be subject to an improvement plan as part of the overall impact programme. The prioritised areas should be decided in collaboration with the Danish company.

In many cases, this work will be directly beneficial to the Danish companies. When the Danish link is import, Danish companies interviewed for the preparation of this facility noted that the risk related to importing from countries with low regulatory environments and generally low social organisation in the labour market, could be reduced by an impact-focused investment from IFDK. This in turn could support the Danish companies' expansion in these markets and thus the joint Danish impact.

Improving EMDE companies' ESG will also make the companies more investable to other impact funds and DFIs.

IFDK monitoring of ESG

Annual ESG reporting and incident notification follow standard DFI/Impact Fund Denmark procedures. All partners must comply with know your customer, anti-money laundering, and anti-corruption requirements consistent with DFI norms.

Pragmatism will be a steering principle in order to balance accountability for impact with the administrative burden at the level of the Accelerator as well as the companies.

With regard to **gender**, the Accelerator will subscribe to the 2X framework.²² All investments are screened against the 2X criteria. Preference thus is given to companies and fund managers demonstrating gender-balanced leadership, active promotion of women in the workforce, or products/services with direct benefits for women. Selected investees will be supported in developing simple gender action plans -consistent with the gender-smart engagement model used by Impact Fund Denmark.

Climate is another key priority. The foundation will be IFC's Performance Standards, in particular PS1, and thus the identification and management of climate risk. In addition, investments will be aligned with Paris-alignment principles and opportunities with adaptation or mitigation potential will be prioritised.

²² 2X Collaborative and the GenderSmart Initiative, now 2X Global <https://www.2xglobal.org/>

7 Budget and revolving fund

7.1 Budget

The budget for the Accelerator is shown below. The Accelerator is a pilot in the sense that it tests a number of new mechanisms for synergies between Danish businesses and EMDE companies.

The implementation of the Accelerator runs alongside an adjacent facility, the Impact Investor Partnership. Since the two facilities share many operational characteristics, Impact Fund Denmark will for the purpose of ensuring operational efficiency have a joint team responsible for the implementation of the facilities. For the shared resources, the budget is split with 70% for the Accelerator and 30% for the Impact Investor Partnerships. This division is based on ticket sizes, an overall assessment of staff time needed to implement the facilities and the fact that E3 establishes the initial set-up for the joint team and associated processes at IFDK. E3 therefore carries a larger share of the initial start-up costs, while E5 will benefit from the structures and processes established under E3.

Budget for E3

Table 1: Budget

The budget for E3 assumes the establishment of a new unit dedicated to the implementation and management of the Accelerator. A dedicated unit will ensure the necessary attention and competence to assess and support the type of investments targeted by the Accelerator, which differ significantly from Impact Fund Denmark's typical investments in terms of size, maturity, and need for business development support.

Impact Fund Denmark targets the launch of the unit in H2 2026, starting out with a small team of 1 to 2 investment professionals through 2026 and 2027. The unit will scale up to 3 investment professionals in late 2027 as the pipeline of relevant companies is built and the investment workload increases.

The main investment period for the Accelerator will be from 2027 to 2030, with most investments taking place during this period. In 2030, when the facility is expected to be fully invested, the implementation unit will start scaling down. By the end of 2031, the unit is expected to be closed down.

The build-up of and scale-down of the unit will follow the expected investment activity and allow adjustments if the pipeline and investment activity do not develop as currently planned. In the event that the pipeline does not develop, the build-up of the unit can be delayed or halted. Likewise, if the unit is successful and additional funding is transferred to the Accelerator for operations and new investments, it can continue to operate beyond 2030.

The loans and equity financing provided by the Accelerator have the potential to generate income through interest payments, dividends, and returns at exit. However, income will likely not be generated before 2028 at the earliest and only at low levels. This is a direct consequence of the design of the facility, where loans have a grace period, equity investments have an expected holding period of 5 years, and companies are too small and early-stage to pay dividends. Income generated by the facility will therefore come too late and be too small to factor into the budget for the period 2026 to 2030. If additional funding is provided and the Accelerator facility is extended beyond 2030, income generated by investments made in the period 2026 to 2030 can be part of the financing for further investments and operations. See also section 7.2 Revolving nature of the Accelerator.

Budget: DKK million per year

	2026	2027	2028	2029	2030	2031	2032	Total
Investment capital (approx. 15 inv. over 2 years)	0.0	20.0	35.0	35.0	10.0	0.0	0.0	100.0
Technical assistance	0.0	3.0	4.00	4.00	2.0	0.0	0.0	13.0
Direct implementation costs	0.2	4.2	4.8	4.8	3.4	0.3	0.0	17.7
Subtotal	0.2	27.2	43.8	43.8	15.4	0.3	0.0	130.7
Indirect implementation costs	0.2	4.0	4.9	4.9	2.9	0.5	0.0	17.3
Reviews		1.00		1.00			0.0	2.00
Total costs	0.4	32.2	48.7	49.7	18.2	0.8	0.0	150.00

The **Technical Assistance** envelope covers technical assistance to investees and Danish partners, and dedicated stakeholder engagement and partnership facilitation. The envelope is intended to finance external expertise and services managed by IFDK.

The implementation costs are divided into direct and indirect costs, using IFDK practice. This deviates from the accounting practice for NGOs and other organisations in that no admin fee is included. All costs are covered in the direct and indirect implementation costs.

Direct implementation costs cover the following:

- Salaries for the investment professionals working in the implementation team
- Direct costs for due diligence and travel related to investments
- Promotion activities

Of the direct implementation costs, DKK 4 million is assumed for investment due diligence, DKK 1 million for travel activities, and DKK 1 million for promotion activities. The remaining budget is for salaries.

Responsibilities of the investment team will be to:

- Work on direct investments including sourcing and developing pipeline, screening for additionality, driven investment assessment and due diligence and negotiating agreements
- Support and advise companies in getting started hereunder business development support

Indirect implementation costs cover activities that support the investment team and investment process including:

- Salaries for employees dedicated to the unit and supporting transaction, i.e. Sustainability and Impact, Legal and Compliance, Operations, KYC
- Cost to services related to People and Culture (HR), Finance, Risk, Management and Communications
- Cost for office buildings incl. regional offices
- Cost for IT equipment and digital service incl. access to Impact Fund Denmark's digital set (Investment management system, ERP, AI services, business intelligence services, etc.)
- Other operational costs

Budget assumptions. The budget is based on the following assumptions:

1. The Accelerator will be implemented by a team of 3 investment professionals when fully operational
2. The team will be gradually built up from 2026 to 2028 and ramp down in 2030 and 2031. The development of FTEs will be as follow:

	2026	2027	2028	2029	2030	2031	2032
FTEs	0.1	2.5	3.0	3.0	2.1	0.5	0.0

3. The investment professionals will be supported by resources in Impact Fund Denmark's Sustainability and Impact team and Legal team dedicated to the new unit.
4. The Accelerator will be implemented jointly with the Impact Investor Partnerships facility (E5) by a shared team at Impact Fund Denmark. Shared implementation resources and associated costs are allocated 70% to E3 and 30% to E5, reflecting expected staff requirements, ticket sizes and the fact that E3 carries a larger share of the initial costs of establishing the joint team and associated processes.
5. When the Accelerator close down, the portfolio of investments will be managed by other Impact Fund Denmark investments professionals, but with a lower service level and support to the portfolio companies.
6. If the Accelerator is refinanced, the team will not scale down and the portfolio will remain within the team and support and service levels will not be reduced.
7. The expected loss rate of the Accelerator is 50 per cent on invested capital, and the use of reflows for new investments and a share of operating costs are described in the section on the "Revolving nature of the Accelerator" below.

The Accelerator is envisioned to be a long-term instrument. A review will take place once the Accelerator has set off, likely in 2028. If progress is satisfactory, MFA can choose to provide the Accelerator with additional budgets to keep a high level of investments for a longer period of time.

Joint implementation unit

Impact Fund Denmark will manage the Impact Accelerator (E3) in a joint unit together with the Impact Investor Partnerships (E5), which is also to be managed by Impact Fund Denmark.

A joint unit will help build scale in the team and allow Impact Fund Denmark to build up the competences necessary for E3 and E5 – including early-stage investment and business development. The two Facilities will share a dedicated Investment Committee, which will have competences within early-stage investments and working with Danish companies. This will allow the unit to act agile and review investment proposals efficiently.

As E3 will establish much of the initial operational set-up for the new unit, including common processes, investment procedures, legal and compliance and specialised expertise tailored for early-stage investments, E5 will be able to build on these structures rather than establishing them separately. This is expected to significantly reduce E5's implementation and administration costs compared with a stand-alone set-up. While the direct and indirect implementation costs for E3 are around DKK 35 million, reflecting its larger share of the initial start-up costs, the corresponding costs for E5 are expected to be around DKK 16 million, despite the same overall project budget of DKK 150 million. Taken together, the direct and indirect implementation costs of the two projects would account for around 17 percent of their combined project budgets as a result of this joint implementation model.

7.2 Revolving nature of the Accelerator

The Accelerator will over time be expected to generate revenue, as the portfolio companies will repay loans and Impact Fund Denmark sell off equity. As loans have a grace period and equity invested an expected holding period of 5 to 7 years, no or little income can be expected within the current investment period of the Accelerator. However, if the Accelerator is extended, the revenues from repaid loans and interest income will be part of the refinancing of the program and will be spent to finance new businesses, provide follow-on financing, or contribute to covering non-investment costs. The repayment and returns from the investment alone will not be enough to sustain further activities in the Accelerator due to the risk profile and low-ticket sizes of the investments.

Impact Fund Denmark expects that given the small ticket sizes and high-risk profile of the investments, it is not unlikely 50% of the investments will default and not be able to return the invested capital. The assumption of the successful part of the investments is that they will yield a return between 1.3 to 1.7 times the invested capital on an average tenor of 5 to 7 years and average return of 6% to 8%, though uncertainty remains high.

Out of the DKK 100 million investment budget, the Accelerator is expected to get less than DKK 50 to ~70 million back over a period of 5 to 7 years, consisting of half of the initial investment plus returns. The Accelerator will reinvest the returning capital, assuming that the facility is still operational when capital is returned. As the invested capital is not fully returned, the capital from the original contribution will gradually be lost. The Accelerator's design, therefore, implies a decreasing activity profile unless replenished with new capital. IFDK and MFA will decide if the Accelerator should be replenished or scaled down. This is to be informed by a review.

8 Management arrangements

8.1 Choice of IFDK as implementing partner

Impact Fund Denmark was chosen as implementing partner after an analysis, which showed that the institution was unique in mandate and capacity to suit the instrument in question.

The instrument relies heavily on non-grant deployment of capital as debt and equity. At the same time, Danish companies play a key role in the implementation. The implementing partner thus needs to fulfil a number of formal requirements:

- Be able to handle investments in a large number of developing countries, including capacity to source investments, carry out due diligence, deploy investments and exit. This is documented by IFDK's recognition as an impact investor by international benchmarks²³.
- Have the capacity to report on these investments using the frameworks requires for Official Development Assistance, including OECD's rules for reporting on Private Sector Instruments.
- Have established links to or be able to create links to Danish companies and investors.

²³ [Impact Fund Denmark is recognised as global Practice Leader by BlueMark](#). Bluemark is a leading provider of independent impact verification and intelligence for the sustainable and impact investing market, see: [BlueMark](#)

A comprehensive search for potential implementing partners was undertaken. If a larger number were identified, a call for proposal would have been considered. In the end, IFDK appeared as the most viable implementing partner eligible in such a call for proposal.

Some of the organisations considered included:

- Danish Business Organisations. They have close ties to Danish companies, but do not have the mandate or capacity to invest in developing countries.
- Danish investment managers and banks. They have the capacity to invest, but have little experience in managing and monitoring development effects. The ones that have the capacity to invest focus on very specific sectors, e.g. energy, or do only very small investments.
- Finally, some organisations outside of Denmark were considered, including Nordic international financial institutions. A site visit was carried out to assess the relevance. These could have the required investment expertise, but would lack capacity to build up a close link to Danish companies. These organisations also did not have strong representation in EMDEs.

Finally, it was thoroughly considered to establish a new institution, including under an existing umbrella. One inspiration is from the Netherlands, where Invest International manages parts of the Dutch Good Growth Fund aimed at supporting Dutch companies' work in developing countries, among other things. This option would be possible, but the amount set aside – DKK 150 million or DKK 300 million if E5 would be co-managed – is a relatively small amount to build up a new institution. Invest International has 178 employees and manages EUR 908 million, including EUR 242 million under the Dutch Good Growth Fund and the Dutch Trade and Investment Fund (2025 Annual Report). Building up a similar institution with EUR 40 million would carry large start-up costs and risks and very little would be left for the actual investments.

8.2 Governance

The Accelerator will be governed in a way that enables it to make professional investment and granting decisions, while ensuring proper oversight.²⁴

In addition, governance of the Accelerator will follow the model described in the Strategic Ownership Document's §6 on Ownership oversight and supervision (Ejerskabsopfølgning og tilsyn). This means that reporting will be integrated into the Annual Report as well as in the regular meetings between IFDK and the Ministry as per the below table.

A separate IFDK investment committee will decide on individual investments and grants. The investment committee must have strong competencies on

1. Impact creation in EMDE's particularly Least Developed and Low-income countries.
2. Investment and market creation in weak markets.
3. Concessional tools to build pipeline.

The Investment Committee will be established by IFDK. Only in exceptional cases will investments or investments in principle be presented to the board, for example when proposed investments or grants fall clearly outside the mandate of the Accelerator.

²⁴ The management arrangements described in this section should be coordinated with the management arrangements of the other Danish Business Instruments, in particular the Impact Investor Partnership.

In addition to the dedicated investment committee, the Accelerator will be integrated in the overall MFA/IFDK management arrangements. Specifically, status on the Accelerator will be provided in the quarterly meetings between KLIMA management and IFDK.

Table 2 below provides a brief overview of management arrangements.

Table 2: A structured dialogue between IFDK and MFA

Coordination Forum	Frequency
Meeting the Minister	Yearly
Presentation to the Council for Development Policy	Yearly
Coordination meetings - IFDK Chairmanship and MFA State Secretary	Bi-annually
Coordination meetings between IFDK management and KLIMA management	Quarterly
IFDK Board meeting with the State Secretary for Development Policy as observer	Quarterly
MFA representative in Investment committee (Guarantees and DSIF)	Ad-hoc basis
Day-to-day coordination	Ad-hoc basis

8.3 Implementation unit

A unit at IFDK will be the main entity responsible for the actual implementation and management of the Accelerator and the Impact Investor Partnership (E5) facility. The unit will be supported by staff and resources at existing IFDK commercial functions for example legal, HR, IT, ESG etc.

The core responsibilities of the unit will be:

- Assessment and knowledge of as well as networking building within SME capital markets and the private impact investment landscape in target countries, with a view of ensuring that possible follow-on investments (E3) and co-investment opportunities (E5) are considered from the outset. The unit must maintain a strong network among DFIs, SME financiers and knowledge partners.
- Sourcing and screening of potential investees (E3) and potential fund managers/co-investment partners (E5). Preparation of investment cases and impact strengthening activities.
- Co-creation of investment strategies and capabilities with Danish fund managers and private capital owners (E5), and structuring of concessional capital, e.g. junior/first-loss tranches, to mobilise private investment.
- Contractual management and oversight of local finance partners, including fund managers.
- Financial management.
- Reporting, including impact, PSI reporting to OECD-DAC etc.
- Stakeholder management in Denmark including engagement with Danish companies, philanthropic foundations and private capital owners.

For these tasks, the relevant competences include:

- Market building and creation with specific focus on the weakest markets.
- Ability to identify, assess and help structure commercially viable investment opportunities involving Danish companies and partners
- Investment management including structuring of blended and concessional finance
- Knowledge of the investment landscape in EMDEs including both SME and private impact investment markets
- Impact measurement and reporting.
- Compliance and contract management.

- Financial management.

8.4 Results monitoring, reviews and reporting

Overall responsibility for reporting is with the IFDK management. In practice, the secretariat will prepare data and reports, supported by IFDK sustainability functions. Reporting is done through IFDK's Annual Report, which will report on the financial performance of the Accelerator as well as specific impacts created by the Accelerator. The reporting may be in an annex to the Annual report. Furthermore, IFDK will prepare one annual facility level report, in line with agreed standard reporting format.

In practice, the monitoring framework should allow Investment managers to carry out monitoring. IFDK will work to ensure that monitoring is done in a way that does not give investees disproportionate administrative burdens.

The Accelerator is experimental and thus learning and adaptation is crucial. An Inception Review will take place in 2027 H2 together with the planned Mid-term Review of the Africa Facility. Focus will be a) on successful establishment of the secretariat, procedures for running the Accelerator and the initial work regarding implementation and b) stock taking on the outreach to and engagement of Danish companies and stakeholders.

In addition to ongoing monitoring and reviews, an independent evaluation will be conducted mid-term or at the end of the implementation period to assess the Accelerator's relevance, effectiveness, additionality, and contribution to sustainable economic development in EMDEs. The evaluation may also examine lessons learned regarding the use of concessional capital to strengthen commercial partnerships between Danish companies and firms operating in EMDEs. The timing and scope of such an evaluation will be determined based on progress and portfolio development. A mid-term review (obligatory), for the Danish Business Initiative (covering business instruments E1-E5), will be conducted in 2029 with the task, among others, to inform and guide a possible next phase. The mid-term review will also be tasked with assessing the performance and issues on the Fund Managers.

Additionally, to further strengthen learnings across the instruments, KLIMA will ongoingly have working-level consultative engagements with all fund managers, including IFDK, both bilaterally and in a joint forum.

8.4.1 Learning

The Accelerator is of an innovative nature, and it is thus important to continuously learn and adjust the setup. During implementation, IFDK will on a continuous basis report on key learnings and the need for adjustments to the MFA.

Specifically, the following will be carried out:

- One annual learning products during the first 4 years of the facility's lifetime. These may be deep dives into cases, specific impact pathways or perspectives relevant to Danish companies.
- One annual learning event bringing together stakeholders to the facility. As a minimum the key business member organisations, EIFO and MFA will be invited. Topics may be specialised, e.g. focus on specific regions, countries or sectors.

8.5 Additional grants or donors

The Accelerator starts with the mandate as defined by the present document. If successful, scaling of activities might happen by allowing additional grants from the MFA or other donors, for example the EU. For that purpose, the Accelerator must be ready to engage donors to design specific windows based on the core setup. However, any additional administrative costs must be covered by the specific donors or specific windows under the Embassy managed Bilateral Country Programmes.

In that context, additional funds can be provided through the MFA's top up mechanism. A further contribution may or may not count as a top up.

A specific example of an additional grant to the Accelerator is a window funded by a Bilateral Country Programme. In the case, the country programme objective will guide the selection of companies, just as IFDK will need to interact with the Embassy and its partners. A separate mechanism for approval may be relevant, since the fundamental implementation structure will remain the same, but the country focus may change.

Such an additional grant may include stronger collaboration with Danish embassies, also on implementation. If this is part of a country programme, implementation can benefit from the country programmes other activities, including local value chain support and work on specific framework conditions. These synergies would also contribute to stronger localisation of decision-making.

8.6 Fraud, anti-corruption and ethical behaviour

IFDK has a solid anti-corruption policy and a newly established Business Integrity function to operationalise its policies in its investments. IFDK has passed and been approved by the EU's Pillar Assessment consisting of a comprehensive analysis of the business procedures, purchase and control procedures and financial instruments. Anti-corruption is a standard aspect of the Clearance in Principle (CIP) format. Upon suspicion or awareness of specific cases of corruption involving staff members and/or implementing partners in programmes and projects, IFDK is obliged to notify MFA in accordance with MFA's Anti-Corruption Policy ("Zero tolerance"). No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practice, shall be made, promised, sought or accepted – neither directly nor indirectly – as an inducement or reward in relation to activities funded under this agreement, including tendering, award or execution of contracts.

IFDK and investees that receive MFA grants, either directly or indirectly, must comply with local laws and applicable international instruments, including the UN Convention on the Rights of the Child and International Labour Organisation Conventions. Additionally, all participating partners must possess an approved ethical code that includes stipulations against sexual abuse, among other concerns. IFDK will ensure that funds are spent in accordance with IFDK policies including its procurement policies.

9 Financial management

The administration, reporting and auditing of the appropriation will follow the MFA AMG and FMG. The MFA contribution to the Accelerator will be a capital contribution. Financial reporting follows IFDK's overall financial reporting to the Ministry of Foreign Affairs, reflecting the use of the Accelerator. The capital contribution will be audited as part of the overall audit of IFDK accounts. IFDK will invest the capital contribution in accordance with its investment mandate and procedures.

Reflow of funds from the investments and interests accrued from programme funds will be reinvested into the Accelerator, with due consideration given to future monitoring of such investments (see budget).

Based on recommendation from the IFDK Board of Directors, the Minister appoints an audit company with international experience, which audits the annual account in accordance with Danish and international audit standards in agreement with the Auditor General (*Rigsrevisionen*). The audited accounts are due to the MFA at the latest 6 month after a financial year has ended. The budget for technical assistance, promotion and communication as well as administration must be reflected in the Annual Progress Report. This must among other include an overview of spending as well as projections for the upcoming year for each budget line.

Beyond the regular oversight mechanisms, MFA carries out on a regular basis financial monitoring visits (*tilsynsbesøg*) to go through and assess systems and procedures established.

9.1 Disbursements

MFA will disburse to IFDK annually based on a) audited financial accounts from the preceding year b) disbursement, pipeline and liquidity need projections for the coming year and c) if relevant, guidance from the strategic dialogue meetings between MFA and Impact Fund Denmark. In accordance with MFA's standard approach to disbursing grants, MFA will ensure that new capital is disbursed to cover actual liquidity needs and that liquidity does not accumulate in the organisation. This includes both investment capital and funds for technical assistance, promotion and communication as well as administration.

10 Risk management

The major **contextual risks** are potential adverse outcomes that may arise in a particular context.²⁵ Relevant political risks are unrest, wars and deterioration of regulatory situation. Currency risks are also at the contextual level and are assessed as high. Several fund managers report currency fluctuations as the number one reason for the overall performance of their investments.

Programmatic risks are adverse outcome directly at the programme level. The nature of the programme is such that it managed investments in several countries. It will thus be a risk that local contextual issues are not managed effectively, including legal issues, capital repatriation issues and general regulatory questions. This risk is mitigated through partnerships with other investors and bank. An additional programmatic risk is lack of re-financing and exits, i.e. that no other investors will refinance the loans or buy off the investments from the Accelerator. To mitigate this, time horizons will be such that loans can be repaid through repayment from dividend.

Finally, **institutional risks** are primarily the risk that this relatively minor fund will not get the required organisational and management attention from IFDK, which then will lead to poor performance and delays in the setup and execution. Mobilisation of additional funding is a key response to this risk.

See a comprehensive risk matrix in the Annex.

²⁵ DK MFA, Risk Categories and Risk Parameters, <https://amg.um.dk/tools/guidelines-for-risk-management> The document is inspirational, a simplified framework is used here.

11 Exit and sustainability

Sustainability considerations are relevant at several levels. At the level of **the investees**, sustainability is ensured by investing with the end in mind: Knowledge of who could provide follow-on investment or financing as well as a focus on viable businesses with turnover and a path to profits.

With regard to the **investment managers**, they are primarily service providers. Regardless, it will be important to continuously assess the pricing of their services. If they provide good value for money, they will stand a better chance of attracting future investors. Finally, at the level of **the Accelerator and secretariat**, sustainability depends on two main factors: First, that investments are made in such a way that the funds are returned and can be reinvested. The purpose is not for the Facility to make a profit, but recycled funds will contribute to sustainability regardless. Second, that the structure is set up and managed in such a way that it remains open to other donors and stakeholders.

ANNEX 1. Partner Assessment

Name of Partner	Core business What is the main business, interest and goal of the partner?	Importance How important is the programme for the partner's activity-level (Low, medium high)?	Influence How much influence does the partner have over the programme (low, medium, high)?	Contribution What will be the partner's main contribution?	Capacity What are the main issues emerging from the assessment of the partner's capacity?	Exit strategy What is the strategy for exiting the partnership?
IFDK	Impact investment Climate investment	Low to medium Relatively small funds, but strategically important Overall management of the Accelerator	High through hosting of secretariat and influence over funds. Same influence in other Funds and Facilities.	Define procedures for the Accelerator. Management the capital workstream and the partnership workstream. Enable Danish companies to drive processes significantly contributing to social and economic development in EMDE countries.	While IFDK's reform and recent capitalisation processes are increasing the demands on the organisation, the Accelerator is proportionately much smaller and can be managed within existing systems. However, IFDK will need to more proactively engage with a) markets and b) the Danish business community and other complementary investment promotion and support initiatives.	Exit strategy in place for companies. Sustainability depends on additional fundraising i.e. top-up. IFDK will remain under ownership of the Danish government.

Summary of Partner Capacity Assessment

Significant stakeholder consultations and analyses have been conducted to assess if other organisations could take responsibility of the Accelerator. This was to ensure that the Accelerator was managed in a professional manner. The organisations considered included, amongst others, State of Green and NEFCO. IFDK was chosen for the following reasons:

- Experience with investments in EMDEs
- Presence in Denmark

- Strong procedures and frameworks for monitoring impact.
- Close relationship with other actors.

The planned commitment will scale operations, but only to a minor extent, affecting IFDK's current governance procedures and business activities.

As Denmark's Development Finance Institution, IFDK brings established fiduciary, investment and ODA-reporting capacity, comprehensive governance and reporting frameworks, and an extensive international network and partner relationships that can be leveraged when testing this instrument. The selection has further been informed by administrative and institutional considerations, including the efficiency of integrating the Accelerator into an existing implementation set-up rather than building a parallel structure. Alternative options including State of Green and NEFCO were considered and assessed as not offering the required combination of investment capacity, ODA compliance and Danish anchoring.

Complementary information about IFDK is provided below, based on the partner assessment carried out in 2023:

- IFDK – an overview
- Thematic sectors
- Framework for identifying, screening and selecting high-impact investments
- IFDK Policies and Standards

IFDK overview

Since its establishment in 1967, IFDK (previously IFU) has invested in 1,325 companies across more than 100 countries in Africa, Asia, Latin America, and Europe. The total committed investments amount to DKK 235 billion, of which IFDK has contributed DKK 26 billion. IFDK is an independent government-owned fund that offers risk capital to companies in developing countries and emerging markets. Additionally, IFDK manages several other investment funds, including the Danish SDG Investment Fund. IFDK's investments have contributed to creating and preserving close to one million jobs in host countries and establishing over 2,000 megawatts of renewable energy. Furthermore, IFDK's presence has facilitated knowledge and technology transfer, provided employee training, accelerated economic activity, and generated income sources, such as taxes, for host countries.

All IFDK investments must support the green transition and contribute to poverty alleviation and reduced inequality. Additionally, IFDK emphasises the importance of corporate social responsibility within project companies to ensure that employees receive proper working conditions, and that production is socially and environmentally sustainable. IFDK provides risk capital and advice to companies seeking to engage in commercial investment activities in developing countries. With strong experience in investments in developing countries, including low-income nations, IFDK possesses the necessary capacity and networks to create and implement new instruments. The table below presents IFDK investment results from 2017 onwards:

Table: IFDK investment activity 2017-2023

DKK million	2017	2018	2019	2020	2021	2022	2023	2024	2025
Private Sector Investments	1.308	1.476	1.165	1.966	1.005	1.466	1.342	1.684	2.385
Public infrastructure	124	1.426	75	1.667	8	294	192	126	1792

Finance (PI) – loans & grants									
Development guarantees (DG)								736	914
Total capital under management	9.100	11.400	11.200	12.800	12.600	15.600	15.544	18.100	25.681

Thematic sectors

Green energy and infrastructure. Green energy and infrastructure are crucial for sustainable development. The lack of energy access poses a significant challenge in Africa, where 600 million people lack access to energy. To support sustainable development in line with the Paris Agreement, IFDK prioritises investments in increasing access to clean and affordable renewable energy, ranging from large-scale utility projects to residential solar systems and off-grid solutions. This approach indirectly encourages job creation and business growth and helps mitigate climate change. Water scarcity is prevalent, and clean drinking water is often inaccessible in developing countries. IFDK invests in business models and companies focusing on water and water management to enhance sustainable supply and access to water. IFDK also prioritises waste recycling and management to address urban challenges such as sanitation, congestion, and rising air pollution. It also promotes circular business models that support the green transition and create new local jobs. Across all areas, IFDK emphasises energy efficiency as the most cost-effective method of decarbonising the future economy.

Financial services. Globally, 1.7 billion people are unbanked. Furthermore, small and medium enterprises (SMEs) in developing markets often struggle to access finance to grow their businesses. SMEs are the growth engines in African economies and are essential for employment. They provide billions of people with livelihoods and are critical to achieving the SDGs and climate goals. IFDK aims to increase financial inclusion by investing in financial services, driving economic growth and job creation, and reducing inequality. The goal is to collaborate with financial institutions to enhance their contribution to the green transition and to promote the increased adoption of digital technologies that boost resilience and outreach simultaneously. Microfinance offers people access to finance through small loans for livelihood enhancement activities, particularly in rural areas. This improves their living conditions and provides access to savings that strengthen resilience. Most microfinance clients are women who gain empowerment through access to finance. Providing financial support to banks and other financial institutions that serve SMEs is also a priority. This enables smaller companies and entrepreneurs to access financial services that facilitate business growth and, in many cases, adopt greener practices. As an equity investor, IFDK's investments assist financial institutions in mobilising private capital from the market, thereby multiplying IFDK's impact. IFDK has also begun offering green loans to financial institutions to promote energy efficiency, solar energy, and more.

Sustainable food systems. Approximately 800 million people globally do not have enough food to live a healthy, active life. One in five people in Africa faces hunger due to climate change, conflicts, and economic downturns. With a growing population, food waste must be reduced, and food production needs to increase. The latter will further contribute to global warming, as 30 per cent of global GHG emissions stem from agriculture and food processing. Consequently, a priority for IFDK is to invest in climate-smart farming that can enhance access to healthy and affordable food products with high nutritional value. All investments focus strongly on supporting cultivation and production methods that reduce GHG emissions and increase yields. As developing countries are the most vulnerable and least prepared for climate change, IFDK also emphasises adaptation, including drought-resistant crops and

improved irrigation. Smallholder farmers typically are the primary food producers in Africa. However, output per hectare is low, and these farmers often lack access to value-added processing and distribution systems, leading to low-income levels. Therefore, IFDK prioritises investments that enhance living conditions by supporting fair trade and increased productivity. Annually, one-third of all global food production is wasted. In developing countries, most waste arises from inadequate and insufficient storage and distribution systems. A key priority for IFDK is to invest in food waste management, as this will alleviate pressure on land resources and reduce GHG emissions, for instance.

Healthcare. Poor health and health inequality continue to limit economic prosperity in developing countries and emerging markets. Around 400 million people lack access to vital healthcare services, which results in high mortality rates, lost productivity and poverty. This is especially the case in developing countries in Africa and South Asia. Healthcare services are often out-of-pocket expenses that have a significant negative impact on accessibility and lead to increased poverty for low-income groups. Against this backdrop, IFDK invests in healthcare to improve access to affordable and high-quality healthcare services, especially for middle and low-income people. Consequently, the focus is on business models supported by universal healthcare programmes or insurance schemes. Noncommunicable diseases like diabetes and cancer are becoming more common in developing countries. However, treatment options are insufficient, and therefore, IFDK, besides investing in primary healthcare and hospitals, also has attention to services targeting chronic and non-communicable diseases. Moreover, IFDK invests in diagnostic technologies and pharmaceutical companies to improve prevention and treatment and provide better access to medicine. One of the impact priorities when investing in private healthcare is to ensure that it complements public healthcare strategies. This can be achieved by introducing new technologies, educating staff, and engaging in outreach activities targeting low-income groups, maternal and child health and people living in rural areas. Upgrading the healthcare system will also make it more attractive for doctors and nurses to stay at home or return from abroad, reducing brain drain.

Framework for identifying, screening and selecting high-impact investments

In addition to the theory of change and results framework, IFDK applies different tools and analysis methods to assess impact creation and ESG risks. When identified, IFDK summarises ESG issues and risks in an action plan for implementation.

IFDK's system for selecting and maturing investment opportunities has been considerably strengthened recently. A first screening allows an initial assessment of whether the investment opportunity will contribute to IFDK's two impact objectives sufficiently. The subsequent steps in the selection and maturation process are presented in the table below:

Table: IFDK assessment steps

Process step	E&S	Governance	Impact
To gate 1	Screening against IFDK's exclusion list of activities IFDK will not invest in.	Initial screening to check for recorded governance issues.	Initial screening to verify contribution to at least one of IFDK's two impact priorities and the likelihood of additionality.

To CIP	Preliminary Human Rights assessment.	CPI screening. Expanded search for recorded issues. Review of investee company or organisation's anti-bribery and corruption (ABC) policies.	Formulation of impact hypothesis and theory of change for how the company creates impact and contributes to SDGs. Assessment of investment's additionality.
To BC	Full Human rights due diligence. E&S due diligence. Assessment of negative impact.	Assessment of anti-corruption. Assessment of corporate governance.	Validation of impact creation hypothesis and theory of change through impact due diligence. Initial results framework. Assessment of GHG emissions. Assessment of gender policy.
To ownership	Formulation of E&S action plan (ESAP), which investee company must commit to.	Formulation of anti-corruption and corporate governance action plan (CGAP), which investee company must commit to	Formulation of impact creation plan, including results framework, which the investee company must commit to.
To exit	Execution of ESAP by company incl. reporting to IFDK - Annual reporting on E&S data through ASR.	Execution of CGAP by company including reporting to IFDK. Annual reporting on ABC and governance data through ASR.	Reporting and monitoring of impact creation according to plan and results framework. Impact study and evaluation at exit.

IFDK is continuously fine-tuning and improving the framework and tools for the selection, screening, and management of investments. IFDK has come a long way in setting up its systems and procedures. In the coming years, IFDK will further strengthen its system for evaluating projects beyond individual investee companies to better understand the development impact of the investments on the communities and societies in which they are anchored. This knowledge will contribute to documenting the results of IFDK and will be important learning that feeds into the further maturation of the system for selecting and developing new investments.

IFDK Policies and Standards

To qualify as an investment, IFDK's investee companies must subscribe to several policies. These are in addition to the commitment to executing several activities through the ESAP, CGAP, impact creation plan and results framework. The policies are outlined and described in the table below.

Table: Core IFDK policies

Policy	Description
Sustainability policy	The policy sets out IFDK's commitment to invest in good Environmental, Social and Governance (ESG) practices and support green and/or just and inclusive impact. The Sustainability Policy is the overarching policy for ESG and impact, which is supplemented by specific underlying thematic policies, including climate policy, human rights policy, Animal welfare policy, gender equity policy and corporate governance policy
Tax policy	IFDK is committed to a responsible tax practice according to the following three principles 1) Pay taxes in developing countries; 2) Use holding companies responsibly and 3) Be transparent
Anti-corruption policy	IFDK is committed to maintaining a zero-tolerance policy regarding corruption – including bribery, fraud and facilitation payments – in line with the UN Convention against Corruption and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.
Anti-money laundering and anti-terrorist financing	IFDK's policy on anti-money laundering and terrorist financing contains IFDK's identification, consideration and assessment of relevant risks related to money laundering and terrorist financing as well as IFDK's overall approach and requirements to the procedures and controls related to money laundering and terrorist financing risks.
Sanctions screening guidelines	Ensure compliance with international sanctions regimes, mitigate reputational and financial risks and prevent engagement with entities or individuals involved in prohibited activities or on sanctions lists. These guidelines facilitate thorough identification and screening procedures and partner assessments to identify potential sanctions related risks.
Insider information policy	Safeguards against possible abuse of insider information and ensures that IFDK has a high level of credibility as an organisation where insider trading does not occur. It protects IFDK's employees and board representatives from potential criminal liability.
Whistle-blower policy	This policy provides the requirements and channels for which potential breaches of IFDK's policies or relevant regulation can be reported, investigated and sanctioned through a confidential and anonymous process. The policy protects both IFDK's employees and investee company stakeholders, and it ensures a coherent and thorough investigation and processing of complaints.

Applicable international frameworks for sustainability

International principles, guidelines and standards that IFDK has signed, adopted or acceded to

IFC Performance Standards (IFC, 2012)

World Bank Group General and Sector-specific Environmental Health and Safety Guidelines

UN Guiding Principles on Business and Human Rights (UN, 2011)

ILO Declaration on Fundamental Principles and Rights at Work (ILO, 1998)

UN Principles for Responsible Investment (UN-PRI, 2005)

UN Global Compact's 10 Principles (UNGC, 1999)

OECD Guidelines on Multinational Enterprises (OECD, 2011)

OECD Responsible Business Conduct for Institutional Investors (OECD, 2017)

OECD Due Diligence Guidance for Responsible Business Conduct (OECD, 2018)

EDFI Principles for Responsible Financing (EDFI, 2009)

Equator Principles (EPA, 2013)

G20/OECD Principles of Corporate Governance (OECD, 2015)

DFI Corporate Governance Development Framework (CGDF, 2011)

SMART Campaign Client Protection Principles

UN Food and Agriculture Organization's Principles for Responsible Investment in Agriculture and Food Systems (FAO, 2014)

2X Challenge on Gender (2X Global, 2018)

Operating Principles for Impact Management (OPIM, 2019)

OECD-UNDP Impact Standards for Financing Sustainable Development (OECD, 2021)

International conventions, declarations and agreements that IFDK's policies are based on Agenda 2030 Development

UN Sustainable Development Goals (UN 2015)

UNFCCC Paris Declaration (UN 2015)

UN Addis Ababa Action Agenda for Development Finance (UN 2015)

Human rights:

International Bill of Human Rights (IBHR) covering The Universal Declaration of Human Rights (UN, 1948), including the International Covenant on Civil and Political Rights (UN, 1966) and the International Covenant on Economic, Social and Cultural Rights (UN, 1966)

UN Guiding Principles on Business and Human Rights (2011)

UN Declaration on the Rights of Indigenous Peoples – UNDRIP (UN, 2007)

Labour rights:

- ILO Convention 29 on Forced Labour (ILO, 1930)
- ILO Convention 105 on the Abolition of Forced Labour (ILO, 1957)
- ILO Convention 87 on Freedom of Association and Protection of the Rights to Organize (ILO, 1948)
- ILO Convention 98 on the Right to Organize and Collective Bargaining (ILO, 1949)

- ILO Convention 100 on Equal Remuneration (ILO, 1951)
- ILO Convention 111 on Discrimination (Employment and Occupation) (ILO, 1958)
- ILO Convention 138 on Minimum Age (ILO, 1973)
- ILO Convention 182 on the Worst Forms of Child Labour (ILO, 1999)

Environment and climate:

- Rio Declaration on Environment and Development (UN, 1992)
- Montreal Protocol on Substances that Deplete the Ozone Layer (UNEP, 1999)
- Stockholm Convention on Persistent Organic Pollutants (POPs) (UNEP, 2004)
- The Rotterdam Convention/PIC Convention on Certain Hazardous Chemicals in International Trade (UNEP, FAO, 2004)
- UN Convention on Biological Diversity (UNEP, 1993)
- Kyoto Protocol to the UN Framework Convention on Climate Change (UN, 1997)
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal (UNEP, 1992)
- CITES Convention on International Trade in Endangered Species of Wild Fauna and Flora (UNEP, 1975)

Gender equality and sexual and reproductive health and rights:

- The Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) (UN, 1979)
- CEDAW's Optional Protocol (UN, 1999)
- Beijing Declaration and Platform for Action (UN, 1995)
- Convention on preventing and combating violence against women and domestic violence (Istanbul Convention) (2014)
- Cairo Declaration on Population and Development (UN, 1994)

Anti-Corruption:

- UN Convention Against Corruption (UN, 2010)
- Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD, 1997)

Tax:

- OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes (OECD, 2009)
- EU list of non-cooperative tax jurisdictions (EU, 2017)

ANNEX 2. Detailed results framework

Project	Impact Accelerator
Project Objective	Economic growth, support the creation of decent jobs, and development in EMDEs through a strengthened economic engagement with Denmark.

Outcome 1	Supported companies expand sustainably and generate inclusive growth in EMDEs (EMDE SMEs, Danish companies operating in EMDEs, joint ventures)		
Outcome indicator 1.1	Number of direct and indirect employees (FTEs) supported in EMDE operations		
Baseline	Year	2026	0
Target	Year	2033	a. 500 direct jobs b. 30,000 indirect jobs
Outcome indicator 1.2	Percentage increase in value added		
Baseline	Year	2026	At investment start (company-specific baseline)
Target	Year	2033	a. % increase from baseline, to be calculated once baseline data is confirmed b. Estimated value added in DKK: 1.0 DKKbn
Outcome indicator 1.3	Tonnes CO ₂ e avoided in EMDE operations		
Baseline	Year	2026	0
Target	Year	2033	10,000
Outcome indicator 1.4	Volume of water used for the company's operations (m3)		
Baseline	Year	Baseline	Year
Target	Year	Target	50,000
Outcome indicator 1.5	Amount of waste reduced through programs for substitution, recycling or recovery		
Baseline	Year	Baseline	0
Target	Year	Target	TBD

Output 1.1	Investments into companies in EMDE with Danish links		
Output indicator 1.1	Number of investments into companies operating in EMDEs with Danish commercial interest		
Baseline	2026	0	
Target	2027	3	
Target	2028	8	
Target	2029	13	
Target	2030	15	

Figures are cumulative

Outcome 2	Supports long-term market development, sustained private investment, and technology and knowledge transfer in EMDEs through commercial engagement between EMDE companies and Denmark		
Outcome indicator 2.1	Number of supported companies in EMDEs that adopt at least one new technology, international production standard, or ESG policy/system introduced through Danish commercial engagement		
Baseline	Year	2026	0
Target	Year	2030	15
Outcome indicator 2.2	Total value of private capital mobilised (co-investors, follow-on finance)		
Baseline	Year	2026	0
Target	Year	2033	150m
Outcome indicator 2.3	DK partners report that they will continue investments and trade with DK after project support (2033 onwards)		
Baseline	Year	2026	N/A
Target	Year	2029-33 (at exit)	50%

Outcome indicator 2.4		Percentage of surveyed key business member organisations and other stakeholders with moderate or high awareness of the facility	
Baseline	Year	2026	0
Target	Year	2030	60%

Output 2.1		Long-term agreements signed	
Output indicator 2.1		Number of formal long-term agreement signed by investees. (e.g., Joint Ventures, Licensing agreements, Off-take contracts > 2 years). (new indicator)	
Baseline	2026	0	
Target	2027	0	
Target	2028	0	
Target	2029	0	
Target	2030	3	

Figures are cumulative

Output 2.2		The Accelerator delivers synergy between development cooperation and economic diplomacy effectively	
Output indicators		Volume of facility capital committed to eligible companies (DKKm, cumulative)	
Baseline	2026		
Target	2027	DKK 5m committed	
Target	2028	DKK 50m committed	
Target	2029	DKK 90m committed	
Target	2030	DKK 100m committed	

Output 2.3		Targeted engagement with key business member organisations and stakeholders is conducted to promote the Accelerator and its offer	
Output indicator		Number of targeted key business and stakeholder engagement activities conducted	
Baseline	2026	TBD	
Target	2027	TBD	

ANNEX 3: Risk Matrix

Risk	Likelihood Almost certain, likely, unlikely, rare.	Impact Significant, major, minor, insignificant	Response	Residual risk	Relates to assumption
Contextual: Currency fluctuations negatively affect investment performance.	Likely	Major	Loans are issued in local currency to protect the borrower, with a risk premium applied to the interest rate model to cover fund losses.	Major	6
Contextual: Political instability (unrest, wars) or deterioration of regulatory situation.	Likely	Significant	Diversification of the portfolio across multiple countries; Country selection criteria include stability and business climate assessments.	Medium	6
Programmatic: High default rate and loss of invested capital due to early-stage nature of projects and limited track record of investees	Likely	Major	Diversification of the portfolio across multiple investments, TA to support companies in the start-up phase, programme design to accept losses and is not expected to be financial sustainable	Medium	1, 5
Accelerator finance displaces commercial capital / additionality not realised.	Medium	Medium	The assessment of each potential business will emphasise the constraints to business growth. Investments will happen only when finance is a constraint.	Low	1, 2, 4, 7
Programmatic: Ineffective management of local legal issues, capital repatriation, and regulations.	Likely	Major	Mitigated through partnerships: Collaborating with other investors and banks; contracting local investment managers for compliance and execution.	Minor	5, 6
Programmatic: Lack of re-financing or exit options (inability to sell off the investment).	Likely	Major	Time horizon adjustment: Structuring loans so they can be fully repaid through dividends/cash flow rather than relying on an external buyer/exit.	Minor	1, 5
Institutional: Implementation errors due to the innovative nature of the setup and new team.	Likely	Minor	Iteration: Adopting an approach of experimentation and continuous adjustment to match the Accelerator 's needs.	Minor	8
Institutional: IFDK organizational priorities are not aligned with the Accelerator leading to lack of attention and progress.	Likely	Major	Mobilisation of additional resources will enable a strong team and more attention from IFDK management.	Minor	3, 8

ANNEX 4a: Country example: Kenya

This document illustrates the stakeholder consultations and participation of future investees in the design.

Country Background and Investment Landscape

Kenya is classified as a lower middle-income country and stands out as one of Sub-Saharan Africa's most dynamic and diverse economies. The country's investment ecosystem consists of a mix of debt and equity financing with equity-like loans also playing a significant role. Nairobi, often referred to as "Silicon Savannah", is recognised for its innovation and fintech scene, while agriculture, services and manufacturing continue to be key drivers of economic activity.

Despite these strengths, the investment landscape is still maturing. The sector is experiencing consolidation, and few capital funds are able to generate sustainable profits, largely due to the absence of secondary markets and IPO opportunities, making exits difficult. Job creation has also not been keeping up with population growth. For example, employment growth declined from 4.4% in 2023 to 3.9% in 2024.¹

Relevant Danish Links

Danish – Kenyan commercial links are primarily built around imports of agricultural goods such as coffee, tea, cocoa and spices, with these products accounting for DKK 50.8 million in imports in 2024. On the export side, Denmark mainly supplies organic chemicals (DKK 42.8 million in 2024), pharmaceuticals and industrial equipment.² Danish companies are also present locally, in 2023 there were 26 Danish subsidiaries in Kenya, providing employment for 824 people.

Relevance to the Impact Accelerator

Although Kenya has a vibrant investment space, SMEs are still facing financing challenges, particularly a lack of risk-willing capital for mid-sized investments (between 1-5 million euros). Access to finance would help these businesses invest in growth, upgrade their operations, and purchase high quality equipment, including Danish solutions. Export-oriented Kenyan companies also highlight the difficulties in finding quality off-takers. Here the Impact Accelerator could play a role, not just with investing capital, but also in connecting Kenyan SMEs with Danish off-takers looking to build sustainable value chains or diversifying their sourcing. Expanding access to finance for these SMEs would also support job creation, productivity, and help contribute to a just and inclusive economy.

Opportunities and Potential Activities

There are several local investment funds with deep knowledge of the Kenyan market and proven ability to identify, support, and monitor SME investments. These funds present an opportunity and could play a key role in sourcing high-potential businesses and providing ongoing oversight to help ensure that investments are both impactful and well managed.

Other examples of opportunities which could be further explored:

- **Businesses:** Orana, a juice producer, looking for equity or debt to establish processing of juice pulp for mango, pineapple and passion. Cimbria, grain processing equipment supplier with around 100 private clients, several which could be investment ready. BIDCORO, another juice producer, ready to off-take mango and pineapple pulp. Mr Green, with existing investment from Bestseller. Octavia, doing Direct Air Capture carbon selling to Denmark, UNUMED, selling hospital software.

- **Investment sourcing:** Local investment funds and an Impact Fund Denmark office could support sourcing efforts.
- **Synergies:** The Danish Embassy is currently preparing a future country programme. Several components could interface with the Impact Accelerator. In addition, existing programmes with e.g. TradeMark Africa presents opportunities.

Case: Kentaste

Kentaste is East Africa's leading producer and exporter of coconut products, sourcing from over 3,000 organic certified smallholder farmers along Kenya's coast. The Company's growth has delivered steady income for farmers and promoted sustainable agriculture. However, limited access to reliable buyers remains a barrier to scaling up. With targeted support, companies like Kentaste could create greater value for local producers and help diversify supply chains for buyers, including Danish offtakers.

ANNEX 4b: Country example: Bangladesh

This document illustrates the stakeholder consultations and participation of future investees in the design.

Country Background & Investment Climate

Bangladesh is classified as a lower-middle-income country with a growing economy mainly reliant on export of ready to wear clothing manufacturing (second largest exporter in the world). The investment climate is shaped by a dependence on bank financing, as the venture capital ecosystem is not well developed. The banking sector also faces significant challenges, including, high interest rates (around 14%), slow fund recovery and a history of large fraud cases, though this is probably limited to four government-controlled banks. Investment activity is mainly focused on the garment sector, accounting for 90% of investments, in particular those with ticket sizes over EUR 500,000.

Relevant Danish Links

Denmark has strong commercial relationships with Bangladesh, particularly in the textile and ready – made garment sector. Danish textile imports are substantial with recent figures indicating imports valued at approximately DKK 7.5 billion annually. Bangladesh is an important sourcing destination for major brands such as Bestseller and DK Company. But a large number of smaller garment sellers are also active, for example the kids clothing brand Wheat have strong commercial ties to Bangladesh. In addition to textile imports Denmark exports a range of edible products to Bangladesh. One such example is ice cream, where all four major ice cream brands in Bangladesh getting their inputs from Denmark, in particular the flavourings.

Relevance to the Impact Accelerator

Bangladesh faces significant development challenges to ensure inclusive growth, including the need to create quality jobs for two million youths entering the labour market each year.¹ However, these ambitions are constrained due to limited financing. SMEs have challenges in accessing capital due to the lack of risk willing capital and high interest rates. The economy's highly concentrated in the garment sector further increases its vulnerable to shocks. Addressing these financial barriers, lack of capital and diversification, is therefore essential to help unlock broader economic opportunities such as job creation and creating a more resilient and inclusive economy.

Opportunities and Potential Activities

There are concrete opportunities to strengthen SME financing and development in Bangladesh by partnering with established local partners such as IDLC and SEAF.

The large garment industry with strong links to Denmark presents a unique opportunity. Garment factories in general lack financing and additional financing could help the sector progress in a socially and environmentally sustainable way. Danish offtakers could play a key role in this, with typical strong sustainability requirement. Financing would thus be linked to a transition to more sustainable production with Danish offtakers being part of the chain. This would also link to several initiatives support from the Danish Embassy in Bangladesh.

Collaboration with IDLC is a leading non-banking financial institution for SMEs in Bangladesh, known for their innovative lending models, including collateral free loans backed by guarantors. The institution has a track record in managing a blended finance instrument, such as overseeing \$50 million of JICA funds.² IDLC's experience in managing blended finance and supporting SME growth is directly relevant to the design and implementation of new Danish instruments, making them a potentially valuable partner.

SEAF (Small Enterprise Assistance Funds) provides growth capital and support to mid-sized companies with a focus in sectors beyond garment such as clean tech and business services. They also stand out for having managed several successful exits in the Bangladeshi market, demonstrating expertise in investment management and portfolio development. Their track record offers valuable lessons for structuring future investment partnerships and ensuring sustainability, making them well-placed to support new Danish instrument.

ANNEX 5: List of consultations

Organisation	Key Participants	Meeting date
NEFCO/NOPEF	Søren Berg Rasmussen, Jørgen Skytte, Anders Ørnemark	28.10.2025
KWERA	Jimmy Scavenius	29.10.2025
Frontier Energy	Anders Hauch	30.10.2025
Invest International	Jeoren Vlutters	31.10.2025
Impact Fund Denmark	Anemone Birkebæk, Johanna Raehalme, Theo Ib Larsen	31.10.2025
State of Green	Iver Høj Nielsen, Finn Mortensen	31.10.2025
PlanBørnefonden. Capital4impact	Anders Bach Waagstien, Anne Smith Pedersen, Diana Scalise	04.11.2025
Plesner	Lars Bunch	06.11.2025
L&F	Kenneth Lindharth Madsen, Jeppe Søndergaard	07.11.2025
Maj Invest	Pritesh Modi, Torben Huus	07.11.2025 01.12.2025
Copenhagen University	John Rand	11.11.2025
World Diabetes Foundation	Kirza Buch Kristensen, Anders Bager	12.11.2025
Danske Bank	Stine Jersie Olsen	13.11.2025
Invest for Impact Denmark	Birgitte Frost Mathiesen	13.11.2025
DI	Marie Gad, Clara Halvorsen	13.11.2025
Danish Embassy in Dhaka	Ali Asraf Khan, Rakib Hasan	13.11.2025
Aktive Owners	Lone Søndergaard, Ulrik Fonsmark	14.11.2025
Danish Embassy in Nairobi	Christan Staffeldt	17.11.2025
DGGF (Dutch Good Growth Fund)	Koen Hamers, Corine Wassenaar,	17.11.2025
GFA-Growth	Harry Devonshire	18.11.2025
Danish Embassy in Dhaka	Saadia Taufiq Sadi	18.11.2025
FIELD TRIP KENYA		
Frontier Energy Kenya	Kwame Parker	19.11.2025
Kentaste	Kyle Denning	19.11.2025
Grassroot BusinessFund	Lillian Mramba	19.11.2025
Cimbria East Africa	Trevor Rerimoi Simiyu Wamalwa	20.11.2025
Danish Embassy in Kenya	Line Nielsen Tobias von Palaten Hallermund Henrik Larsen	20.11.2025
BidCORO	Mads Burmester	20.11.2025
Impact fund Denmark, Impact Ventures	Ina Mogollon	21.11.2025
Danish Embassy in Kenya	Henrik Larsen	21.11.2025