Developing World Markets (DWM): Building Community Resilience through Impact Finance

While impact investment in global health often focuses on areas that directly improve outcomes, such as healthcare delivery and medical innovation, access to finance can also shape health by strengthening its underlying determinants such as infrastructure, living conditions, and household resilience. This has been Developing World Markets (DWM)'s approach to impact investing for the last 25 years. A pioneer in innovative finance, the impact investment manager DWM uses a repeatable financing approach that can scale beyond grant cycles by providing debt through local institutions that serve low-income communities, and structuring that capital around defined impact goals and operating realities.

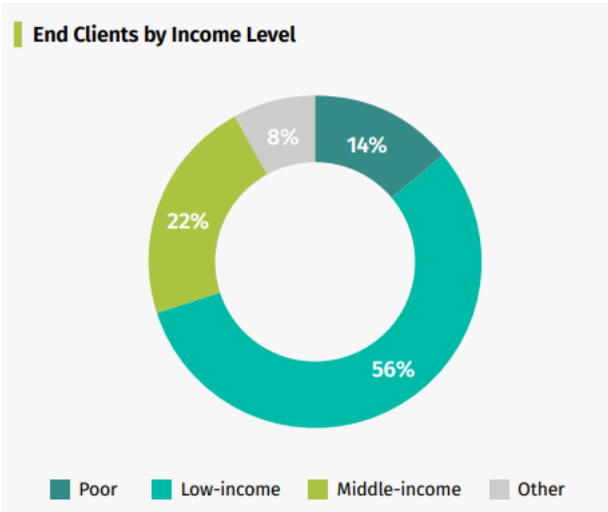
Creating Durable Impact through Innovative Finance

DWM focuses on underserved populations, especially women and low-income households, by partnering with inclusive local financial institutions serving them in developing countries. As a pioneer in impact investing, DWM shaped their approach in 1999 through the Pro Mujer Loan Fund (1999), created before "blended finance" and "impact investing" were common terms. A nonprofit development organization providing health, financial inclusion and education programs to low-income women in Latin America, Pro Mujer was originally considered by DWM for a philanthropic donation.

However, DWM took a longer view and questioned the sustainability of one-time grant funding: a grant can be powerful, but it is typically spent once and must be replenished, which can limit the sustainability and scalability of a program. A repayable structure, by contrast, can recycle capital across multiple lending rounds and attract additional investors, extending the reach of the original contribution. DWM therefore redesigned its contribution into a blended finance structure, where donated capital provided a first-loss layer, enabling additional low-cost lending from impact-minded investors. The performance of the Pro Mujer structure became a proof point for DWM's broader thesis that catalytic capital can mobilize larger pools of repayable financing when it is routed through trusted local intermediaries, which helped set the direction for DWM's later work managing impact-oriented investments on behalf of investors.

A Lending Model Balancing Outcomes & Scale

DWM organizes its lending around three themes: financial inclusion - expanding access to finance for underserved people and SMEs (Small and Medium-sized Enterprises) to support economic growth, climate change, and gender equality. The lending model is both thematic and partner-led, as DWM provides debt financing in two main ways. For smaller microfinance institutions which already serve underserved clients, DWM's financing primarily expands the institution's capacity to reach more borrowers. For larger banks, DWM targets a defined segment—such as microenterprise lending, women-owned SMEs, green lending, or climate-resilience finance—and structures loans so that proceeds are designated to that segment rather than absorbed into the bank's general balance sheet. This preserves the link between capital and intended outcomes while allowing DWM to work with institutions that have scale.



DWM's end clients by income level, [DWM Impact Report 2025]()

Impact & Risk as a Double Lens for Portfolio Building

DWM's partner selection process maintains a strong focus on both impact and financial risk from partner identification to monitoring post investment. While partners come through inbound interest or proactive outreach, partner selection is reinforced by in-country presence that maintains market maps of local lenders and supports early screening - validating an institution's footprint, target client base, governance, and capacity to lend capital responsibly. During the due diligence step, DWM assesses credit fundamentals (financial performance, asset quality, liquidity, capitalization, and risk management) alongside impact profile (who is being served, what products are offered, and whether practices align with responsible finance and ESG expectations).

Key to both the due diligence and management steps is DWM's Impact IQ questionnaire with 85+ questions tailored to different business models. Notably, the Impact IQ is reviewed alongside the credit evaluation so that impact and financial risk are assessed together instead of as a separate exercise. After disbursement of funds, DWM uses the Impact IQ to track both operation- and outcome-related indicators, including changes in income or revenue, employment trends among businesses served, client satisfaction, as well as policy checks against ESG best practices. The goal is to align impact monitoring with how the institution operates day-to-day, so that impact performance reflects business reality rather than a separate reporting exercise.

Beyond Lending: Helping Partners Unlock New Impact Businesses

Another key element of DWM's approach is driving impact beyond the projects being funded. DWM found that some financial institutions often do not see themselves as impact players yet have commercially viable opportunities to finance activities that improve resilience and well-being in their markets. DWM attempts to play an educating role, supporting these institutions to recognize and build new lines of business that serve underserved communities by combining financing with clear impact expectations and credit discipline.

DWM's field visit to Pro Mujer Nicaragua in 2024. Co-founder Peter Johnson is second from the left.

Co-founder Peter Johnson describes this as "double impact": financing an impactful activity, while also helping a local institution expand into impact-aligned lending as a sustainable business. In his words, DWM helps institutions "grow their business by expanding to include impact." As an example, in 2016, a financial institution in Ecuador had considered financing a run-of-river hydropower project - an area it had not financed before. After the project met DWM's screening and financial suitability requirements, DWM provided about $10 million in financing via the local bank. Building off of this learning, the local bank expanded into a larger portfolio of similar loans, reflecting how a first transaction with proper diligence and execution can shift what a local institution views as both feasible and investable.

Overall, Peter Johnson's message is fundamentally about perceived risk versus experienced risk with the right partner: "the actual risks of investment in developing markets in the spaces of healthcare, financial inclusion, climate adaptation and gender equality, are remarkably lower than common thinking". Demonstrating the sustainability of this approach through its own 25-year longevity, DWM has to date invested over $3 billion in private debt and $150 million in private equity across more than 60 developing countries. At the end of 2024, its portfolio comprised 80 companies in 33 countries serving 25.5 million end clients, showing that disciplined partnerships and a clear understanding of region-specific risks and how to mitigate them are key to impact investing success.