



Western NIS
Enterprise Fund

EMBRACING UNCERTAINTY, PROMOTING RESILIENCE ANNUAL REPORT 2023

Western NIS Enterprise Fund

The Western NIS Enterprise Fund (WNISEF) is a \$285 million regional fund, a pioneering initiative in Ukraine and Moldova with over two decades of successful experience investing in small and medium-sized enterprises (SMEs). WNISEF was funded by the U. S. government via the U. S. Agency for International Development (USAID).

The Fund's original mission focused on developing small and medium-sized businesses, supporting solid corporate governance and transparency, and attracting additional capital to Ukraine, Moldova, and Belarus. Since its inception in 1994, WNISEF has provided loans, equity, grants, technical and other assistance to companies operating in a variety of sectors. This included financial institutions, agriculture, manufacturing, and services. WNISEF has invested \$190 million in 143 companies, employing over 27,000 people in Ukraine and Moldova. **Since inception, WNISEF has unlocked an estimated \$2.4 billion of capital for Ukrainian and Moldovan companies based on the original \$150 million grant from USAID.**

In March 2015, USAID approved the launch of a \$30 million Legacy Program funded by a portion of the profits earned from investment activities. The program focuses on export promotion, local economic development, impact investing and economic leadership. In April 2016, USAID approved i) expanding the Legacy Program to \$35 million; ii) \$5 million earmarked for direct investments in SMEs, primarily start-ups; and iii) a \$30 million commitment to Emerging Europe Growth Fund III, L. P. (EEGF III), a fund raised by Horizon Capital and focused on providing financing to SMEs in Ukraine and Moldova. In June 2017, the Fund committed \$30 million to EEGF III; in September 2022, the Fund committed \$10 million to Horizon Capital Growth Fund IV, L. P. (HCGF IV).

In January 2023, the US government transferred \$135 million to WNISEF in new funding for the economic recovery of Ukraine and Moldova.

This new activity inspired the wording for the new mission of the Fund: **Transforming the lives of ordinary people in Ukraine and Moldova.** Presently, WNISEF is funding innovative, transformational, reform-focused programs. The Fund aims to support both countries in this critical period by fostering the development of sound economic policies and leadership.

We are proud to share details of this new phase in our investment activities and the eight year of our Legacy Program, marked by the launch of new projects, the expansion of fruitful cooperation with local partners and continuation of learning from hundreds of individuals involved in our projects in Ukraine and Moldova.

USAID is the world's premier international development agency and a catalytic actor driving development results. USAID's work demonstrates American generosity and promotes a path to recipient self-reliance and resilience, and advances U. S. national security and economic prosperity. USAID has partnered with Ukraine since 1992, providing nearly \$5 billion in assistance. USAID's current strategic priorities include strengthening democracy and good governance, promoting economic development and energy security, improving health care systems, and mitigating the effects of the conflict in the east, as well as health and humanitarian assistance to mitigate the spread of the COVID-19 outbreak in Ukraine.



www.usaid.gov/ukraine

Contents

Letter from Management	4
Ukraine – Key Figures 2023	6
Moldova – Key Figures 2023	10
Direct Investment and SME Development Program	14
Local Economic Development Program	22
Impact Investing Program	32
Innovation, Education and Entrepreneurship Program	38
u.ventures.....	48
Financial Statements	54
Western NIS Enterprise Fund Directory	91

Letter from Management

At the time of writing this letter, Russia's full-scale invasion of Ukraine has continued for more than two years, longer than anyone expected. Rather than wait for positive geopolitical changes, the Fund embraced wartime uncertainty and helped Ukrainians build the resilience needed to win this war.

Most of our legacy programs had to adapt to the new reality and change their focus to respond more effectively to Ukraine's shifting challenges. This is equally true for Moldova, which felt the negative economic impact of war in a neighboring country. Consequently, we can proudly say that each program experienced renewed energy, accumulated resources, and increased its activities.

The Fund's Export Promotion Policy Program expanded to become the **Direct Investment and SME Development Program**. It's no secret that small and medium businesses were one of the key components of Ukraine's economic resilience despite the war. With its updated scope, the Program provides comprehensive assistance to Ukrainian and Moldovan SMEs in overcoming the challenges caused by Russia's aggression. While the Program earlier focused on developing export opportunities, it now also helps small and medium-sized enterprises address their weaknesses and build on their strengths. These efforts aim to increase the potential for the development and sustainable growth of the Ukrainian and Moldovan economies.

The **Local Economic Development Program** not only continued to offer a platform for dialogue between local communities, businesses, and officials, but also expanded its international presence by backing several major international events and conferences. The Program also launched two new initiatives focused on promoting the creation of community-building centers and cooperation with the Ministry of Education and Science of Ukraine.

The **Impact Investing Program** continued to assist social enterprises in scaling their business activities, as such enterprises found renewed meaning and sense of importance amid growing social challenges and uncertainty. For the first time since the beginning of the war, the Program issued two new loans for social enterprises, while some of the existing program participants managed to repay their past loans in full. Furthermore, the Program entered into a partnership agreement with the Ukrainian Social Venture Fund to encourage the growth of social startups.

The **Innovation, Education and Entrepreneurship Program**, formerly the Economic Leadership Program, successfully expanded its activities and widened its reach in both Ukraine and Moldova. Throughout the year, the Program supported innovative projects originating from public organizations and businesses to help Ukraine and Moldova find new ways to grow. The number of Program partners increased, ranging from entrepreneurs and SMEs to state and private educational institutions.

u.ventures reached a record number of investments and expanded its portfolio to 23 companies, highlighting Ukraine's IT sector's resilience and ability to grow despite the war. In addition, the Program participated in a broad range of projects that have provided aid to startups and their founders.

Next year, the Fund plans to further expand its activities and launch a **new program to support veterans** and their families. Considering the ever-growing number of veterans in Ukraine, the program aims to establish a large-scale ecosystem that will provide necessary long-term services for them and their families. In this program, the Fund will collaborate with various stakeholders in the public sector, businesses, and state authorities to ensure these services are relevant and useful for veterans. Additionally, the Fund will support the Ministry of Education and Science of Ukraine in developing policies and legislation to create a state veteran care system.

In January 2023, the Fund received additional funding, which catalyzed the expansion of our impactful programs, broadening the scope of our initiatives and prompting thoughtful reconsideration of our organizational identity.

The Fund's Board of Directors also decided to rebrand the Fund as the Ukraine-Moldova American Enterprise Fund, a change that enters force in 2024 and better encapsulates the Fund's mission and activities in the region, reflecting our unwavering commitment to supporting SMEs, fostering entrepreneurship, economic growth, and sustainable development.

As we look ahead, we remain inspired by the brave Ukrainian men and women who continue fighting for their independence, developing as a nation and growing economically amid unprecedented challenges. The Ukraine-Moldova American Enterprise Fund is proud to be a part of this collective effort to shape a better future for the region.

We extend our gratitude to the team that helped turn our aspirations into a reality. We again thank the members of the Western NIS Enterprise Fund Board of Directors, the United States Agency for International Development (USAID) in Washington and the USAID Missions in Ukraine and Moldova, the U.S. Embassies in Kyiv and Chisinau, and our business and government partners for their support and contributions to Fund's various programs and activities designed to enhance the development of democratic principles and economic prosperity.

We believe that these efforts will help improve the lives of Ukrainians and Moldovans.

Sincerely,



Dennis A. Johnson
Chairman of the Board



Jaroslawa Zelinsky Johnson
President and Chief Executive Officer





UKRAINE

KEY FIGURES



Despite Russia's ongoing war in Ukraine, the Ukrainian economy managed to recover from the initial shock and achieve macroeconomic stability in 2023. Although in 2022 the country's GDP dropped by around 25%, in 2023 it entered a new phase of recovery. This progress was possible thanks to businesses and consumers adapting to the wartime environment; increased agricultural output; opening of new export routes; as well as substantial financial support from international partners.

Despite the ongoing risks and the need for wartime reconstruction, Ukrainian GDP grew every quarter, which resulted in an annual growth rate of 5%. This indicator exceeded the projections by most international observers. For example, the European Commission gradually improved the growth forecast for the Ukrainian economy, from 0.6% to 4.8%, throughout 2023, — eight times the amount initially expected. The highest recovery rate was seen in public governance and the defense sectors (due to high-priority funding), infrastructure projects, agriculture (due to a rich harvest), domestic trade, and the processing industry.

To stabilize the foreign exchange market, in 2023, the National Bank of Ukraine shifted away from a fixed exchange rate regime which had been in place since the start of the Russian invasion to managed flexibility of the exchange rate. Until October 2023, the exchange rate was fixed at 36.6 hryvnias per dollar, but by early 2024, it reached UAH 37-38 per USD 1. The decision to move to managed exchange rate flexibility is part of a strategy to ease currency restrictions. The plan will be implemented in three stages, which is meant to end up with the return to inflation targeting if the overall economic situation allows it.

Ukraine's economic growth remained burdened and impeded by regular missile strikes and restricted shipping in the Black Sea. Despite these impediments, establishment of alternative routes for agricultural products is one of Ukraine's biggest economic victories of 2023, which provided more than 50% of the country's hard foreign currency income. Foreign aid, export of IT services, and remittances also remained the most stable sources of foreign currency earnings. On the other hand, exports of other traditional commodities suffered with the export of metals decreasing by 34%. Ukraine's current account balance closed with a provisional deficit of USD 9.8bn in 2023 (5,5% of GDP).

Ukraine entered 2023 with record-high inflation accelerated by the war and emission of national currency to cover military expenses. However, the inflation rate was reduced throughout the year: regular inflows of foreign aid made it possible to stop currency emission, while rich harvests contributed to reduced product prices. In December 2023, the inflation rate saw a drastic deceleration to 5.1%, compared to 2022's alarming 26.6%.

Ukraine continued to receive foreign financial assistance on a more predictable and regular basis. In 2023, total financial assistance amounted to USD 42.6 billion versus USD 32 billion in 2022. A majority of this support came in the form of loans with almost one-third provided as grants. This assistance helped cover most of the budget deficit caused mainly by large military expenses. The USA, the EU, the IMF, Japan, and other partners were among Ukraine's biggest financial donors.

Ukraine is facing significant challenges and uncertainty due to Russia's full-scale invasion. However, the national government is trying to rebuild its infra-

structure by mobilizing resources and seeking the international community's support. Inviting private funding to Ukraine, which involves ensuring investor guarantees, is also a priority. 2023 illustrated that the Ukrainian technological ecosystem is of particular interest to investors. For example, Horizon Capital Growth Fund IV invested USD 298 million in this sector.

Ukraine starts 2024 with a significant decrease in inflation rates compared to the previous year, as well as considerable foreign reserves, a stable currency exchange market, and a highly liquid and profitable banking system. However, the economic situation and the country's overall well-being are still heavily influenced by the dynamics of the Russian-Ukrainian war.

International assistance will continue to play an important role in supporting the Ukrainian economy. The EU has already approved a 4-year support package for Ukraine worth EUR 50 billion, as well as USA approved USD 60 billion in financial support for Ukraine in 2024. With high budget expenditures and expected substantial financial aid from international partners, the NBU predicts a 3.6% growth in GDP in 2024. Similarly, the World Bank expects a growth of 4% in GDP in 2024, while the International Investment Fund predicts a growth rate of at least 3.5%.

Along with ongoing military operations in the war zone, Ukraine is also committed to carrying on with its efforts toward European integration. The European Council has recognized Ukraine's significant progress in this regard and has initiated negotiations for Ukraine's accession to the EU. However, there are still some important steps that the national government needs to complete to achieve this goal.

Indicators	2016	2017	2018	2019	2020	2021	2022	2023
Real GDP Growth, %	2.4	2.5	3.3	3.2	(4.0)	3.2	(30.4)	5
Inflation End of Year, %	12.4	13.7	9.8	4.1	5.0	10	26.6	5.1
Average Exchange Rate, USD	25.6	26.6	27.2	25.8	27.0	27.3	36.6	37-38.0
Current Account Balance, % of GDP	(1.4)	(1.9)	(3.4)	(0.9)	4.4	1.0	5.8%	(5.5)
External Debt (USD billions)	113.5	116.6	114.7	121.7	125.7	86.61	111	145
FDI (USD billions, net)	3.3	2.2	2.4	2.4	(0.9)	5.1	0.587	4.2

Sources: International Monetary Fund, National Bank of Ukraine, State Statistics Service of Ukraine





MOLDOVA KEY FIGURES



In 2022, Moldova's economic stability was put in jeopardy by Russia's invasion of Ukraine, an energy crisis, and the unstable situation with Transnistria. However, in 2023, the country's economy demonstrated 0.7 % growth. This was achieved through improved logistics, diversification of export markets, strengthened energy independence from Russia, and international support. Although the Minister of Economy Dumitru Alaiba called such growth rate modest, this is significantly better than the situation in 2022.

During the twelve months of 2023, Moldova's GDP reached approximately USD 16.5 billion, a 13.5% increase compared to last year. Industrial production declined by 5.3%, but a rich agricultural output partially offset this negative economic impact. Overall, agricultural production increased by 23.6% in 2023. Additionally, the technology sector grew by 7.5%. This growth reduced the trade deficit by 5.4%. National currency also strengthened somewhat to 17.3 Moldovan lei to one US dollar in Q4 2023, bringing the full-year domestic currency appreciation to 9%.

During 2023, Moldova made efforts to expand its foreign trade channels. Between January and December 2023, the European Union accounted for more than 65.4% of Moldova's exports and 48.3% of its imports. Meanwhile, Russia's trade share dropped to single digits. In July 2023, the European Parliament decided to extend the suspension of taxes and import quotas for an additional year on products exported to the European Union to support Moldova's export capacity.

In 2023, the inflation rate also decreased to 4.2% (in early 2023, this indicator was 30%), marking the lowest level in over two years. This progress was facilitated by a combination of more stable energy prices and tight monetary policy which regulated domestic demand. At the same time, consumer demand decreased due to lower real wages and, accordingly, a decrease in purchasing capacity.

In 2023, international institutions continued to support the Moldovan economy by helping finance its fiscal and current account deficits. The International Monetary Fund allocated USD 261 million to Moldova to speed up its economic recovery. Towards the end of 2023, the European Investment Bank (EIB) granted Moldova a USD 45 million loan, in addition to a EUR 12 million EU grant as part of the EU-Ukraine Solidarity Lanes program. This program serves as an alternative transport route for Ukraine, facilitating the transportation of almost 70% of Ukraine's commodities.

Looking toward the future, Moldova's economic situation will depend on the developments of the Russian-Ukrainian war and the general stability of the security environment. Additionally, the upcoming presidential elections in the fall of 2024 will play a crucial role. The current president of Moldova, Maia Sandu, has already announced her bid for a second presidential term with a plan for further economic rapprochement with the European Union. Following Ukraine's footsteps, on December 14, 2023, the European Council ruled to kick-start negotiations on Moldova's accession to the EU. Moldova's aspirations for European integration will significantly influence both the management of its economy and politics in 2024 and beyond.

Indicators	2016	2017	2018	2019	2020	2021	2022	2023
Real GDP Growth, %	4.5	4.5	4.0	3.6	(7.0)	13.9	0.0	0.7
Inflation End of Year, %	2.4	7.3	0.9	7.5	0.4	13.9	30	4.2
Average Exchange Rate, USD	19.9	18.5	16.8	17.6	17.3	17.7	19.2	17.3
Current Account Balance, % of GDP	(4.2)	(7.6)	(9.9)	5.7	(6.7)	(11.6)	(12.8)	(13.8)

Sources: International Monetary Fund, National Bank of Moldova, National Bureau of Statistics of Moldova, European Commission and World Bank websites



DIRECT INVESTMENT AND SME DEVELOPMENT PROGRAM PAVING THE WAY FOR ECONOMIC GROWTH IN A VOLATILE MARKET

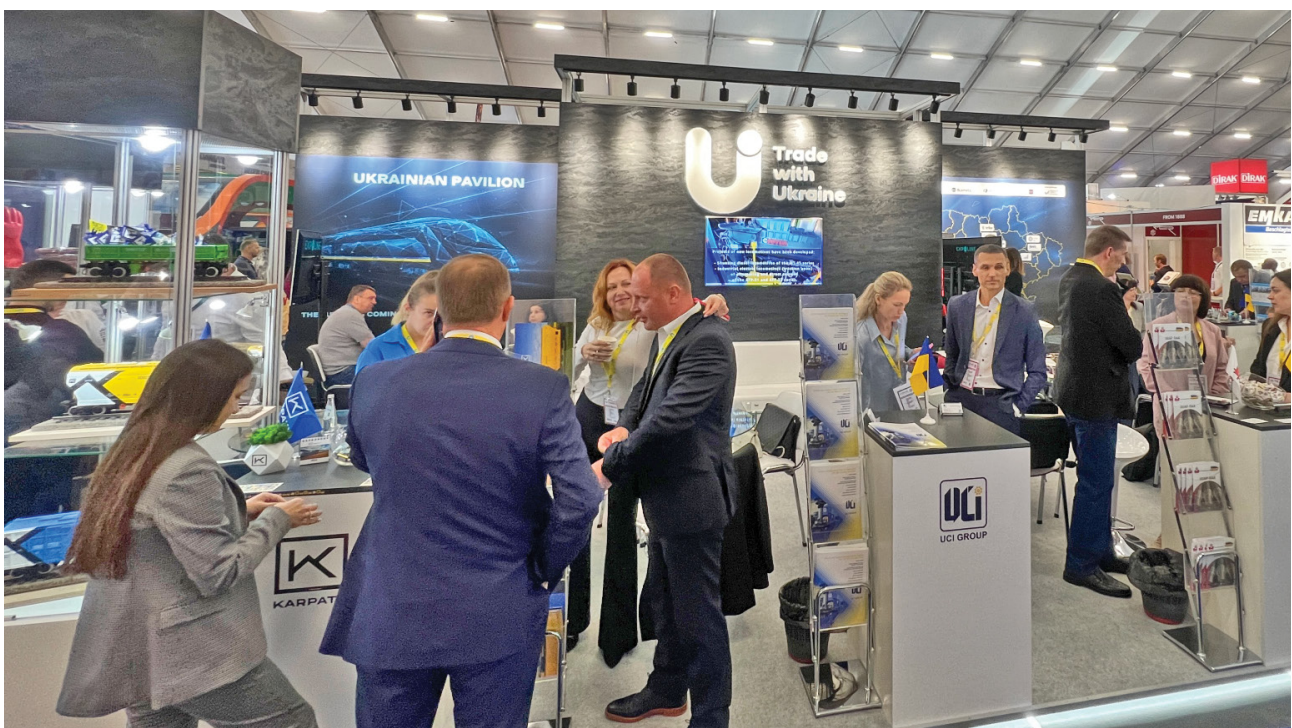


Russia's ongoing war in Ukraine has severely impacted business operations in the region. Many SMEs in Ukraine reduced or suspended operations due to financial distress, damage or loss of equipment, drop in domestic demand, disruption of supply chains, rising costs of input, and outmigration of skilled workers from the country. Many Moldovan SMEs are also dealing with unprecedented economic challenges posed by the Russia's invasion of Ukraine, including shaken investor confidence, demand contraction, and rising logistic and energy costs. Recognizing these challenges, WNISEF's Export Promotion Policy Program has expanded to become the Direct Investment and SME Development Program, aiming to address both short-term most pressing needs and vulnerabilities of SMEs, as well as to advance the capacity of the SME sector and pave the way for long-term competitiveness and development by providing investments, grants and expertise. The goal of the Program is creation of a strong and successful SME sector capable of contributing to economic recovery and continued sustainable growth in Ukraine and Moldova.

New opportunities for business in wartime conditions

Disruptions in traditional supply chains and a drop in domestic demand have forced many SMEs to look even more actively for new partners and customers in foreign markets. In response to these needs, the Fund expanded support to assist SMEs with access to foreign markets via trade show attendance. In Ukraine, WNISEF partnered with the Entrepreneurship and Export Promotion Office of Ukraine and the Unite Ukraine NGO to organize the Ukrainian delegation's visit to the international **TRAKO Railway Fair** in Gdansk (Poland) in September 2023. As machine-building is one of the most promising industries in terms of creating jobs and growing the country's export potential, the Fund co-financed Ukraine's stand at the exhibition, which featured ten competitively selected businesses that produce railway equipment such as railway traffic control systems and software, wagon axles, freight cars, rubber plates,

**TRAKO
Railway Fair,
Gdansk,
Poland,
September
2023**





brake pads, shoes and more. Participation in the TRAKO Railway Fair helped Ukrainian participants establish new business contacts and generate trade leads, contributing to the development of this industry.

Supporting the aspirations of Ukraine's food producers to expand into new markets, WNISEF also supported SMEs' participation in several international industry events. This includes the **World Cheese Awards** (WCA) held in Trondheim (Norway), where Ukrainian cheese producers earned 13 awards; as well as the **Middle East Organic & Natural Products Expo in Dubai** (UAE). At this largest trade exhibition in the Middle East, WNISEF partnered with the Entrepreneurship and Export Promotion Office to organize Ukraine's national stand, where companies presented value-added organic products from cereal crops, dairy products, and sunflower oil. The organic market in the Middle East has grown significantly in recent years and connections and contacts made during the exhibition should help contribute to the participants' growth.

WNISEF has also continued assisting Moldovan SMEs with access to foreign markets via trade show attendance. Working in partnership with USAID's Rural Competitiveness and Resilience Activity and the Invest Moldova Agency, the Fund supported members of the **Fruit Producers and Exporters Association of Moldova** at three large international trade shows for the fruits and vegetables industry. Thanks to this support, 16 local fruit producers and exporters took part in the **Fruit Logistica** exhibition in Berlin, Germany, six companies exhibited at the **Freskon Fresh Fruit and Vegetable Trade Event** in Thessaloniki, Greece, and 12 members presented their products at the **Fruit Attraction Expo** in Madrid, Spain. Upon completion of all exhibitions, the Fund conducted in-depth interviews with participants to collect their feedback:

"The companies reconfirmed that participation in exhibitions remains one of the key factors in their development. Such events help them not only to find new customers but also bring cutting – edge technologies and the best international experience to the local market," summarized **Vitaliy Bigdai, Direct Investment and SME Development Program Director.**

Fruit Logistica exhibition, Berlin, Germany, February 2023





Consumer Electronics Show participants, Las Vegas, NV, January 2023

Courage, Innovation and Rich Culture: Ukrainian Delegation at Consumer Electronics Show 2023

One of the biggest annual events for the IT hardware industry is the **Consumer Electronics Show** (CES) in Las Vegas, NV. WNISEF has been helping Ukrainian companies participate in the Show since 2016 and continued to do so in 2023. This year's biggest achievement was installing a branded Ukrainian booth, which united all Ukrainian representatives in one location and attracted attention from visitors with custom-designed visuals and graphics. The courage and resilience of Ukrainian innovators were recognized by the Consumer Technology Association's President Gary Shapiro, who personally visited the national booth.

Despite the negative impact of the war on the economy, Ukraine's IT sector remains one of the drivers of the economy, and attendance at the CES helped participating companies reinforce their standing and attract valuable new partners.

Among them, **Releaf PAPER & BAGS**, a startup which presented the world's first

paper packaging made from fallen leaves, attracted significant media attention and was selected to participate in the Amazon.com onboarding program that provides new sellers on the platform with a comprehensive framework for launching sales as well as full certification from Amazon and a verification mark. Aiming at promoting a sustainable business approach and innovative practices, **Rekava** introduced its aroma candles, disposable cups, and plant pots made of coffee grounds. **Solar Plex** also sparked interest with its sustainable solution for upgrading new and already installed conventional solar panels into hybrid (PVT) ones and made contacts with dozens of potential partners and customers worldwide.

i3 Engineering attracted potential partners with a complex solution for home and business optimization, which allows remote control of all devices and processes in the building through a single mobile application. Another startup, **Corner**, impressed the community with tech-driven kitchen makers and launched B2B sales in the US.

Nanit robot exhibited STEM Robotics kits for children and adults, which increase creative and engineering skills, and found partners for international distribution and further product development. The creators of **Knopka** gained the favor of potential investors and tier-1 US media with their outstanding nurse call system for automating patient care on hospital beds.

Essential developments in security were demonstrated by **WheelKeep**, an invisible security system for bicycles that is accessed from a mobile app, and **G-Mak**, an innovative security device for premises that can physically stop or disorient the burglar before the police arrive. **Efarm.pro** presented AI-driven agricultural navigators for parallel driving in the fields that allow to optimize work and save resources. Since the beginning of the war, the company created a project for humanitarian demining and ensuring safe working conditions for Ukrainian farmers. The solutions they presented allowed the startup to connect with many influential people who supported Ukraine during the exhibition.

Two of the selected companies, **Melt Water Club**, with a special freezing technolo-



Consumer Electronics Show participants, Las Vegas, NV, January 2023

gy to produce high-quality water; and **Op-tySun filters**, with a technology for water purification and disinfection, could not access the exhibition in person but still successfully presented their innovative products remotely.

In addition to the exhibition, WNISEF helped organize separate side events to introduce the Ukrainian delegation to international partners. The Ukrainian team visited offices of the world's well-known tech accelerators, 500 Global, Berkeley SkyDeck, and Plug and Play, and discussed opportunities for potential cooperation.

To help entrepreneurs acquire business skills and competencies to stay resilient and improve business performance, the Fund continued cooperation with local qualified NGOs and service providers. With support from the Fund, 23 entrepreneurs in Kharkiv participated in market training from December 2023 to February 2024, and six were awarded micro-grants to implement business marketing campaigns.

Promoting the development of the technology sector

The Program continues to support further development of Ukraine and Moldova's IT and Tech industry, the considerable potential of which is already well known in the region.

To boost Moldova's IT sector growth and create more job opportunities, the Fund partnered with Moldova IT Park and USAID's Future Technologies Activity to develop an **IT Investment Guide**. The Guide is designed to showcase investment possibilities and benefits of Moldova to potential international in-



South by Southwest Creative Industries Expo participants, Austin, TX, March 2023

investors and talents intending to operate there. The Guide is being developed with the help of Emerging Europe Limited, a competitively selected UK-based consulting company, and is expected to be published in 2024.

Giving Ukraine's Business Ambassadors a Global Voice

In addition to the CES, WNISEF was proud to support the visit of Ukrainian innovative entrepreneurs to the **South by Southwest Creative Industries Expo (SxSW)**. This year, five talented teams represented the country: **Esports Charts**, which provides analytics for live streams, **Mriya production**, offering solutions for realistic virtual effects, **Aspichi**, creating virtual reality-based solutions, **3DLOOK**, a virtual fitting room, and **obimy**, a mobile application for expressing feelings and care for loved ones at a distance. Moreover, in partnership with Innovation Bridge Europe, WNISEF debuted a Ukrainian national side event at the **SxSW**. The program highlighted that Ukraine's technology ecosystem continues thriving despite the war and laid the foundation for a community around Ukraine's technological ecosystem.

Aspichi Team, SxSW, Austin, TX, March 2023



To further highlight the importance of supporting Ukraine and uniting partners of Ukraine, WNISEF cooperated with Horizon Capital and the Victor Pinchuk Foundation for the fifth time to co-organize the **Ukraine House Davos**. In 2023, this visible representation of Ukraine at the World Economic Forum welcomed 50 speakers on 12 panels that discussed vital topics such as strengthening support during a hu-



manitarian crisis, achieving economic and energy resilience, and determining what Ukraine needs to win the ongoing war.

The event was headlined by the First Lady of Ukraine, Olena Zelenska, President of the Republic of Moldova Maia Sandu, former Prime Minister of the United Kingdom Boris Johnson, Vice Prime Minister and Minister of Digital Transformation of Ukraine Mykhailo Fedorov, Minister of Foreign Affairs of Ukraine Dmytro Kuleba, ambassadors of the United 24 program, including NASA astronaut Scott Kelly, Ukrainian sports stars Elina Svitolina and Andriy Shevchenko, and others. People who couldn't attend Ukraine House in person had the opportunity to follow the news on social media and watch online broadcasts. Overall, more than 10,000 guests visited the Ukraine House in person, while its online presence generated over 4.6 million views.

To support further recovery and growth in Ukraine and Moldova, next year the Program will explore new opportunities for supporting SME direct investment. Also, to help Ukrainian entrepreneurs withstand financial challenges, the Fund plans to partner with the **Business Development Fund of Ukraine** to enhance SMEs' access to grants and debt finance, especially for companies operated by women, internally displaced persons, and veterans. In Moldova, several new projects, in collaboration with USAID and other organizations, will offer grants to fruit and wine producers, while other industries will receive funding to scale their internal and export capacities. At the same time, the Program will continue boosting the visibility of Ukrainian and Moldovan enterprises at major international events and implementing business management programs to create more impact on the ground.

Ukraine House Davos, Switzerland, January 2023. From left to right: Dr Werner Hoyer, President, European Investment Bank, Jaroslawa Z. Johnson, President and CEO, WNISEF, Maia Sandu, President of the Republic of Moldova, Lenna Koszarny Founder and CEO, Horizon Capital



LOCAL ECONOMIC DEVELOPMENT PROGRAM EXPANDING BOUNDARIES FOR LOCAL ECONOMIC OPPORTUNITIES





“From Urgent to Sustainable: Rebuilding Cities in Ukraine” panel at Ukraine House Davos, Switzerland, January 2023.

From left to right: Andriy Sadovyy, Mayor of Lviv, Serhii Sukhomlyn, Mayor of Zhytomyr, Oleksandr Senkevych, Mayor of Mykolaiv, Iryna Ozymok, LED Program Director

As the war in Ukraine continues to create uncertainty, local communities increasingly focus on thoughtful reconstruction, recognizing that stable communities are essential for economic rebirth and provide a fertile environment for SME development. WNISEF’s Local Economic Development Program (LEDP), which concentrates on the development of cities and communities through support of local initiatives, continued adapting its projects to wartime needs to help them better plan efficient post-war recovery, such as shifting the **International Mayors Summit (IMS)** focus to participation in the world’s top recovery and development events. In addition, the Program expanded its scope of activities to facilitate children’s STEM and urban education, contribute to communities’ development, and tighten cooperation with the government in several key areas.

International Mayors Summit — Going Global to Empower Recovery

In 2023, the focus of Ukrainian cities and communities expanded from addressing basic needs, such as shelters, resettlement of IDPs, and preservation of stable operation of infrastructure; to identifying the best opportunities for efficient recovery and post-war growth. Traditionally, the **International Mayors Summit** focused on building a network of local communities and exposing them to best practices in urban planning. In 2023, to meet the local communities’ evolving needs, the initiative expanded to encompass mayors’ participation in a number of international events, highlighting Ukraine’s rebuilding needs and helping local leaders build stronger connections with international partners.

For the first time, Ukrainian mayors participated at **Ukraine House Davos 2023**, becoming speakers of the IMS-hosted panel “From Urgent to Sustainable: Rebuilding Cities in Ukraine”. Mayor of Mykolaiv Oleksandr Senkevych, Mayor of Zhytomyr Serhiy Sukhomlyn, and Mayor of Lviv Andriy Sadovyi, together with Deputy Minister of Infrastructure Mustafa Nayyem discussed urgent and long-term needs for reconstruction, highlighting the importance of not just restoration of old infrastructure, but its substitution with new, more sustainable facilities.

Joining **Ukraine Recovery Conference 2023**, the biggest international event on Ukraine’s reconstruction, WNISEF supported the panel discussion “Role of the Regions in Ukraine’s Recovery and Reconstruction”. Uniting mayors, civil society representatives, and representatives of the Ministry of Communities, Territories, and Infrastructure Development of Ukraine, the session explored the crucial role of local authorities in city and community rebuilding.

WNISEF and **International Mayors Summit** also became featured partners at the **ACT NOW Mayors’ Conference** held in Brussels, Belgium. The conference brought together public figures and representatives of European and Ukrainian municipalities to share ideas and develop practical strategies for community recovery in line with European values. Mayors and heads of communities have become the voices of Ukraine, being its ambassadors.

On the national level, the Fund supported two urban forums conducted in Lviv and Vinnytsia. Aimed at rethinking the principles of recovery and development of Ukrainian communities, the first **Lviv Urban Forum** brought together around 700 participants from government, public sector, academy, and urban planning industry. WNISEF provided 50 scholarships for young architects and urban planners to let them join and learn from foreign and Ukrainian professionals. In Vinnytsia, the fifth **Ukrainian Urban Forum** united a professional community around the topic of “common home”, focusing on resolving acute housing issues through best international practices in social housing, interconnection between urban planning and housing policies, and more.

Lviv Urban Forum, Ukraine, June 2023





**Urban Club,
Warsaw,
Poland,
March 2023**

Recognizing the role of younger generations in the future development of cities, the *IMS* program also expanded its activities in children’s urban education. The school program based on Iryna Ozymok’s *City is Me* book is now part of the curriculum at about 30 schools in Lviv, Lutsk, Khmelnytskyi, Vinnytsia, Zhytomyr, and Chortkiv. As part of the program, 3rd and 4th-grade students learn how modern cities function and what role city residents can play in improving their quality of life. The book was reissued in 2023, adding chapters about war, accessibility, sister cities, and other important topics. For the first time, the book was also translated and published abroad: in May, it was presented in Sweden, and in September, it became available in Kazakhstan.

In 2022, the book also kickstarted *Urban Club*, conducted in Lublin, Poland, — a series of interactive meetings for children on urban development. This year, together with the “Child Effect” NGO and SKENDE, “The City Is Me. Lublin 2.0” *Urban Club* became part of the program at European Youth Capital 2023, attracting young participants to discover the city, its history, architecture, and street art. The project also expanded to Warsaw, in partnership with Ukraine House Warsaw and the “Child Effect” NGO. During five meetings, Ukrainian and Polish children discussed the role of nature and sustainable development in cities, the impact of business, and the reconstruction of schools as safe, creative, ecological, and barrier-free spaces. In total, over 60 children participated in both clubs.

WNISEF also cooperated with the Ministry of Youth and Sports of Ukraine to launch *Urban Clubs* in Ukraine. With the help of local public youth organizations, the program will launch in ten pilot cities, including closer cooperation with local governments, experts, and ambassadors. The program will encourage children to develop projects to improve their cities, with an

opportunity to present them directly to local authorities at the end of the season.

Although the *International Mayor Summit* as an event remained suspended, in 2023, the program found a new purpose as a platform for dialogue about strengthening the capacity of cities and Ukraine. Looking ahead, the program plans to expand its current activities and intends to hold relevant events in Moldova in 2024.

Fostering Entrepreneurship through Promprylad.Renovation Support

Entrepreneurship development is integral to local economic growth, which is why the Program continuously supports *Promprylad. Renovation* — an innovation center that aims to develop the region through a new economy, urban design, contemporary art, and education. One of its new initiatives, *Foodoteka* is the first food market in Ivano-Frankivsk with 15 restaurant concepts under one roof, aiming to create new jobs amid war and economic hardship. The Fund provided a USD 100,000 grant to support the project, which allowed *Foodoteka* to finally open its doors to visitors in November 2023.

Simultaneously, WNISEF committed to co-fund two more *Promprylad. Renovation* initiatives to boost entrepreneurship growth: *The Long Game* educational program for entrepreneurs; as well as the training program for creative industries conducted by the *University of California at Berkeley*. The *Long Game* is an innovative online program for SMEs designed to encourage entrepreneurs to develop their ideas into sustainable business models. Overall,

Promprylad.
Renovation
events, Ivano-
Frankivsk,
Ukraine, 2023



For young women, participation in the Technovation Girls contest often serves as a stepping stone towards building a career in business and technology. In particular, Daria Tabunshchuk, whose **Z-Teen** team won the regional contest in 2017 and showcased their AirNear app at the international pitch event in San Francisco, graduated with honors from Kyiv Polytechnic Institute, majoring in system analysis. Currently, she is also pursuing her master's degree in computer engineering at Germany's Ilmenau University of Technology. Since 2017, Daria was actively involved with Technovation Girls as a student ambassador and mentor. Together with her mentees from 2022 **it girls!** team, she co-founded a refugee-focused non-profit organization, YCO SVIT.

The **it girls!** team, the winner of Technovation Girls Ukraine 2022, had another notable achievement in 2023. In November, team members Sofia Tereshchenko, Anastasia Feskova, and Anastasia Demchenko received the International Children's Peace Prize for developing their **ReFee** application, which helps temporarily resettled Ukrainian children abroad with useful information.

Business management is another popular career path for Technovation Girls alumni. For example, Violeta Khomutovska, a participant from the 2023 **Dusha** team, was accepted into Elmhurst University, USA, on a full scholarship to major in International Business. Violeta also studied at Boston University as part of an Education USA Academy program and joined several leadership and entrepreneurship programs to further enhance her skills and knowledge in management.

We at WNISEF are thrilled to witness the ongoing growth and development of the Technovation Girls alumni. Supporting this contest remains an important way our aspirations empower Ukrainian women and unlock their potential.

more than 8,500 participants registered for the program, with 5,380 young entrepreneurs eventually participating in the training.

To bring international education closer to Ukraine's creative entrepreneurs, WNISEF supported **Berkeley Summer at Promprylad**. Professors from the UC Berkeley presented a three-month course on the basics of entrepreneurship, from forming an idea and creating a product to communicating with customers and investors, for almost 100 students. Although the training modules were held online, participants did have a chance to meet in person for their final business pitch, get to know each other, and receive valuable feedback in person.

Empowering Women in Tech through Technovation Girls and IT Scholarships

Encouraging women's career development is another important part of the Local Economic Development Program, especially as many women are facing new challenges due to displacement, job loss, and separation from their families. As part of such efforts, WNISEF continued its support for the **Technovation Girls** contest in Ukraine, as well as joined strengthened efforts aimed at expanding access to IT education for women.

In 2023, the Program supported the seventh and prepared for the eighth season of **Technovation Girls** in Ukraine — the world's largest entrepreneurship competition among girls focused on technology and IT solutions.

The contest's seventh season gathered 266 participants from Lviv, Zaporizhzhia, Cherkasy, Odesa, Ternopil, Kherson, and Volyn regions, forming 28 ambitious teams. As in previous years, competition entries reflected the most urgent needs of a wartime society, such as assisting refugees, gathering support for volunteer organizations, aiding people with trauma and depression, safety



**Technovation
Girls
participants,
2023**

issues, etc. In August, six teams had a chance to present their socially impactful apps to the jury at the Regional Pitch. The victory went to the **DailyImpact Crew** team, whose **Impactify** app collects, simplifies, and presents data on how users can follow sustainable development goals in their everyday lives. Together with the **PowerGeeks** team and their **Protect Life** app, which helps displaced Ukrainians adapt and socialize in a new place, **DailyImpact Crew** made it to the semifinals in the global Technovation competition.

To create additional opportunities for women to work in high-demand industries amid the unemployment crisis caused by the war, in 2022, WNISEF provided 100 scholarships for IT courses on the Prometheus online education platform. After four months of studying, 42% of the participants successfully submitted their projects, more than double the expected indicator in 2023. The Program expanded support for this successful initiative, by allocating 1000 additional scholarships for six courses, including an HR component. Application results were announced in February 2024.

In addition to expanding existing activities, the Program also launched two new initiatives: promoting the creation of community-building centers and deepening cooperation with the Ministry of Education and Science of Ukraine.

While the primary focus of local authorities in 2023 was on physical reconstruction of housing and infrastructure, supporting the recovery of people and communities is no less important. Together with Cedoss, an independent think tank, WNISEF initiated a new grant program for the development of local communities, which will unite local residents in seeking joint solutions to challenges and building an inclusive future for everyone. The program provides UAH 1,000,000 (USD 25,000) in grants for the development of **community-building centers** — meeting places of various social groups for leisure,



**LED Program
Director Iryna
Ozymok**

Ozymok, Local Economic Development Program Director.

2023 also became a starting point for WNISEF's partnership with the Ministry of Education and Science of Ukraine. We envisage cooperation in three key areas: implementing reforms, rehabilitating veterans, and supporting Ukrainian schoolchildren who participate in international olympiads.

To assist the Ministry in implementing a comprehensive education reform covering all levels of education, the Fund will support the newly created **Office for Implementation of Strategic Changes** within the Ministry. The project involves a team of external experts who will provide an assessment of medium- and long-term education reforms needed in current and post-war environments.

In terms of veteran support, WNISEF joined the Ministry's **Point of Contact** project, which provides social rehabilitation and training for veterans who lost their sight. In 2023, experts developed and tested the rehabilitation program, trained mentors, and purchased all the necessary equipment for training. The program covers individual mobility, social and household orientation, Braille and relief patterns, psychological support, helpful information technologies and applications, and training for family members of affected veterans. Kyiv and Lviv will be the first cities to launch the project, with the potential for scaling in other cities.

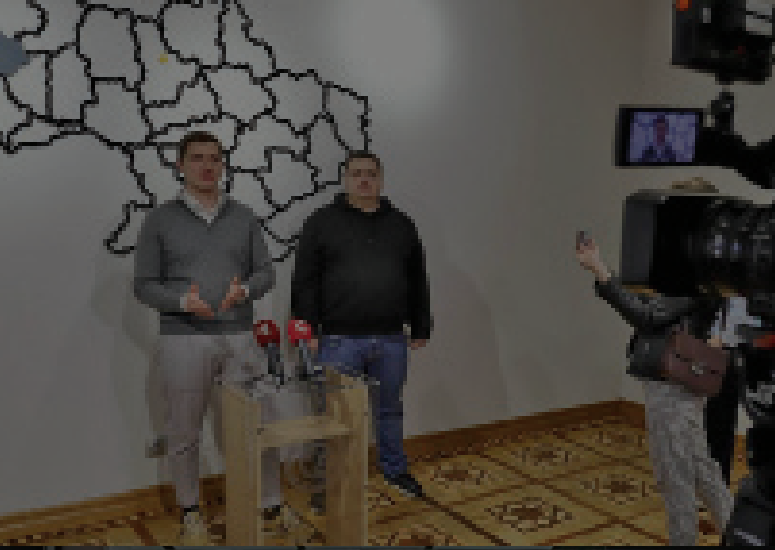
education, community development, and cooperation.

The organizers reviewed more than 300 grant applications, selecting ten promising projects from communities with up to 100,000 residents from Luhansk (relocated to Zhytomyr region), Kyiv, Kharkiv, Khmelnytskyi, Poltava, Ivano-Frankivsk, Volyn, Sumy, and Odesa regions. Throughout the year, teams of experts worked with these communities to share knowledge on encouraging active participation from residents, conducting research, and working with heritage, education, social protection, housing, and urban planning. The participants also gathered for an offline meeting in Lviv to discuss the project status and share experiences. The centers are scheduled to open to the public in early 2024.

"Our main objective is to maintain the strong unity we all witnessed at the beginning of the full-scale invasion, and to transform it into cooperation around community or city development. We want to make sure these community centers are inclusive in both location and content, so that all types of residents, be they children, the elderly, entrepreneurs or veterans, could freely meet and join efforts in rebuilding their communities," commented **Iryna**

In addition, the Local Economic Development Program, for the first time, supported the participation of Ukraine's National Team in the ***International Junior Science Olympiad (IJSO)***, one of the twelve universally recognized scientific Olympiads held in Bangkok, Thailand. Demonstrating their profound knowledge of biology, chemistry, and physics, six Ukrainian students competed with participants from 54 countries and brought home four silver medals, one bronze medal, and one participant's diploma.

General uncertainty related to war did not stop the Local Economic Development Program from completing all planned activities and even starting new projects to address emerging issues. In 2024, the Program will continue and scale existing projects, as well as launch new activities cultivating inclusion and accessibility, support for veterans, and development and popularization of vocational education.



IMPACT INVESTING PROGRAM EMPOWERING SOCIAL ENTERPRISES FOR GREATER IMPACT





**“Ukrainian
Puzzles”
Social
Enterprise**

Against the backdrop of the ongoing war, Ukraine’s social enterprises both grew in importance and required additional support. In contrast to the previous year, when most requests for assistance were related to relocation and adaptation of businesses to wartime conditions, in 2023, the Impact Investing Program (IIP) witnessed growing demand from borrowers for support for scaling, improved efficiency, and business growth. To address these needs, the Program renewed most of its key activities, enabling enterprises to address social and environmental issues through both financial and non-financial support.

Both the Program and the social enterprises it funds have demonstrated a strong commitment to economic recovery. After WNISEF decided to extend all active loans for 12 months to avoid defaults in 2022, most borrowers did not ask for another loan extension, and some enterprises even started considering another loan for business development. At the same time, the Program issued two new loans for **“Smachni Spravy” LLC** and **“Ukrainian Puzzles”** and continued implementing other program projects directed at stimulating social entrepreneurship in Ukraine.

For **“Smachni Spravy” LLC**, a meat products manufacturer that employs internally displaced people, the USD 95,000 loan was the third one received from WNISEF. The additional funding allowed the company to boost its production volume and start supplying its products to Lavka Tradytsii, a group of more than 150 shops within the Silpo market network across Ukraine.

“Ukrainian Puzzles” is a newcomer to the Program, that received a USD 25,000 loan to help scale its production and reach. The company strives to engage more people in the reconstruction of Ukraine by selling puzzles depicting Ukraine’s cultural heritage sites, in particular, monuments and architec-



ture that were damaged or destroyed during the war. The company donates all profits from selling puzzles to the restoration of Ukraine.

Four social enterprises — **Veterano Pizza Kyiv**, **“Walnut House” (Horikhovyi Dim) Social Bakery**, **“Smachni Spravy” LLC**, and **Dnipro Training-Production Enterprise of the Ukrainian Partnership of the Blind** — fully repaid their loans, while continuing their operations. In fact, Yuriy Lopatynskyy, CEO of Walnut House, the abused women’s shelter, thanked the IIP for providing several loans over the years, which helped this social enterprise become a financially viable business that now can get loans from Ukrainian banks without IIP support.

Yuriy Lopatynskyy,
CEO of the
Walnut House
SE

**Impact Investing
Program
Director
Vasyl Nazaruk**

AnVita Clinic, which had earlier relocated its equipment and personnel due to ongoing hostilities, returned to Dobropillia to address high demand for health services from local residents. The clinic’s medical laboratory for blood tests, established using the IIP loan, has already launched operations. **“Drukarskyi Dim” (Publishing House) in Kramatorsk** also continued operations in their hometown, recovering from damage caused by Russian shelling. The only enterprise whose loan remains frozen is **Veterano Pizza** from occupied **Mariupol**. Together with Oschadbank, WN-ISEF extended loan repayment until the end of the war.

“From what we see, the number of businesses with active loans whose facilities are under occupation or destroyed is high and continues to grow. As all of them may have different conditions and lenders, there is an urgent need for a unified government solution to address this issue,” comments **Vasyl Nazaruk, Impact Investing Program Director.**



As a result of 2023, the Impact Investing Program increased the total amount of loans funded since 2015 to UAH 35M (approx. USD 1.28M), while the total amount of social investments by program participants reached UAH 48.7M (approx. USD 1.7M).

For the third year in a row, WNISEF also supported the “School of Mindful Entrepreneurship” NGO in organizing the **Social Impact Award Ukraine** — the biggest incubator for young businesspeople who are taking their first steps toward creating a social enterprise. This year, 17 teams from all over Ukraine presented innovative solutions to social challenges. Four winners who received both financial prizes and a chance to join the global Social Impact Award summit in Serbia included **MAM (Make Amazing Motherhood)**, an initiative aimed at creating a specialized space for women on maternity leave; **TreeD** technology, a school social enterprise producing souvenirs using 3D printing; **“Syta Natsia” (Well-fed Nation)**, a project aiming to overcome poverty through incubation and rearing of chickens; and **“Vydala Hromada”** (Publishing Community), an online service that helps authors attract funding and provides printing and logistics services to bookstores. The audience award went to **PE-Sick**, the first psychological rehabilitation hub for dogs that rears service dogs for war veterans.

To support even more promising social startups, WNISEF signed a partnership agreement with the Ukrainian Social Venture Fund (USVF). Founded by SILab Ukraine, “School of Mindful Entrepreneurship” NGO, ChildFund Deutschland, and Western NIS Enterprise Fund in 2019, the USVF invests in and provides non-financial support to early-stage social enterprises. As part of this partnership, WNISEF and USVF plan to implement a new **Startup4Good** project — an incubation program for social startups, which will provide partially repayable grants for the best-performing participants. This initiative will allow the Fund to support social enterprises from the very beginning of their path until they grow into self-sufficient social enterprises eligible for the Impact Investing Program.

**“Smachni Spravy”
LLC Social
Enterprise**



As Russia's war in Ukraine continues, socially driven businesses keep facing numerous challenges related to safety, demand, logistics, qualified employees, adapting production to the war-time realities, and more. Despite these challenges, all Impact Investing Program participants exhibited resilience and continue operating and contributing to building a better and stronger Ukraine. In 2024, the Program plans to enable more social businesses to take affordable loans for business development while encouraging greater involvement of vulnerable groups in social enterprises, such as internally displaced people, veterans, women, youth, seniors, and owners of war-affected businesses.



INNOVATION,
EDUCATION

AND

ENTREPRE-
NEURSHIP

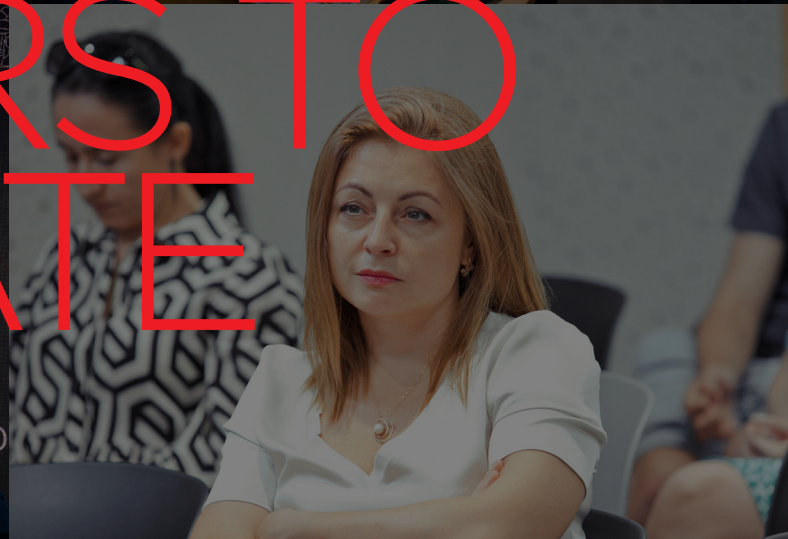
PROGRAM

EMPOWERING

FUTURE

LEADERS TO

INNOVATE



INSCIENCE.IO / CONFERENCE 2023

ARNAUD COSTAIGNET
Vice President of Government
Affairs & Public Relations
at the Ministry of Technology

Interviewers:
SVETOSLAV SVETENKO
Founder and CEO of Cyber/nnov
VLAD TYSENKO
Partner at SMRK VC Fund

... / TO ... WITH SCIENCE AND ...
... L IVE T. ... ECONOMY?

In 2023, the Innovation, Education and Entrepreneurship Program (IEE), formerly the Economic Leadership Program, made significant progress despite the ongoing war and challenges it posed to the education, business, and technology sectors. The program expanded its activities and increased its reach in Ukraine and Moldova, supporting innovative projects of public organizations and businesses that are leading their countries to continuous growth. As a result, the number of the Program's partners increased, ranging from entrepreneurs and SMEs to public and private educational institutions looking for ways to innovate their teaching methods.



Junior Achievement Ukraine participants, 2023

Junior Achievement Ukraine — Nurturing the Next Generation of Progressive Entrepreneurs

Educating youth on entrepreneurship and financial literacy is one of the primary priorities of the Program. In 2023, WNISEF continued supporting the **Junior Achievement Ukraine** (JA Ukraine) project aimed at attracting more young people's interest in entrepreneurship. In 2022, the project encompassed 37 schools in the Chernivtsi and Lviv regions; in 2023, the Program managed to expand its reach to 170 vocational education and training (VET) institutions and 15 universities in eight more regions: Ivano-Frankivsk, Ternopil, Khmelnytskyi, Vinnytsia, Zaporizhzhia, Dnipro, Kyiv region, and Kyiv city.

Recognizing the importance of financial literacy, **JA Ukraine** also launched a one-year course focused on personal finance management skills for children, ages 15-18, covering 151 schools in Lviv, Chernivtsi, Vinnytsia, Kyiv, Zaporizhzhia,

Dnipro, and Poltava regions. With a growing demand for entrepreneurial skills among children, the Fund also successfully implemented the **Company of the Year Program**. This initiative enabled students of vocational schools in Lviv and Chernivtsi regions to present their business ideas at the national selection. The winning project **“Warm Up Ukraine”**, which developed portable turbo stoves, represented Ukraine at the European festival of youth entrepreneurship #Gen_E in Istanbul (Turkey) and was ranked among the top-5 most valued brands.

Thanks to these activities and with the support of WNISEF, **Junior Achievement Ukraine** completed its probation period and joined as an official member of Junior Achievement Europe. *“This year, JA Ukraine evolved from a project to a prominent institution. We intend to continue supporting the project as they expand their operations,”* noted **Anton Waschuk, Innovation, Education and Entrepreneurship Program Director**.

Ukrainian Leadership Academy — Breaking Through Challenges

Despite the negative impact of the war on the **Ukrainian Leadership Academy (ULA)** in 2022 which required reducing the number of campuses from five to one in Lviv, the project continued in 2023, building back its capacity to nurture future leaders. **ULA** managed to open a second branch in Uzhhorod, a new strategic region for the Academy. Notably, the Uzhhorod City Council agreed to commit UAH 8 million (USD 200,000) in annual support for the program, a sign of trust in its success. **ULA's** new city campus and Leadership Development Center in Lviv are also nearing completion and should launch in 2024.



While working on stabilizing its operations under turbulent conditions, **ULA** also remained ready to tackle urgent challenges. Together with USAID's PACT/ENGAGE program, the Fund supported **ULA's** passionate efforts to help children affected by the flood caused by the destruction of the Kakhovka dam. The coordinated response included the organization of **summer camps in the Carpathians** to provide relief after the severe stress the children endured. The 210 children who attended the camps thanked the Program for much-needed inspiration, new friends, and precious memories.

One of **ULA's** biggest achievements was the signing of the **Memorandum of Understanding between the Academy, the Ministry of Education and Science of Ukraine, and the University of Warwick (United Kingdom)**. The Memorandum cemented a joint initiative for 40 education professionals from Ukraine, including representatives of NGOs, the Ministry of Education and Science, and

Ukrainian Leadership Academy 2023-2024 cohort

the Ministry of Digital Transformation of Ukraine, to visit the Warwick campus in September 2023. The visitors had a chance to exchange their expertise and ideas on empowering the next generation of leaders and develop connections with British colleagues. The project represents an essential milestone for welcoming more cohorts of changemakers at Warwick. In 2024, the University of Warwick will also twin with Kharkiv National University of Radio Electronics and provide 15 scholarships for ULA students.

Teach For Ukraine — Creating Impact at the Call of the Soul

2023 was a year of numerous challenges and uncertainty for Ukrainian students, particularly those studying in rural or frontline areas. Constant power outages, unstable mobile coverage, and having to study in shelters during air raids meant these students required special support and attention. To help address children's needs in such areas, **Teach For Ukraine** continued to recruit young teachers and acquire new partners. A recruiting campaign accompanied the new open call, **“Teaching is a call of the soul”**, which ensured that talented teachers are placed in Ukrainian schools where they are most needed. This year, the program's communications gained significant traction in Ukraine and abroad and helped establish six new partnerships with over EUR 1M in funding.

Supported by the Fund, Teach For Ukraine successfully graduated 15 wartime fellows from the 2022-2023 cohort and has already selected 33 new participating teachers out of over 100 applicants for the 2023-2024 school year. In addition to academics, the newly recruited teachers were also trained to provide psychological and emotional support which will help them effectively interact with students facing wartime challenges in partner schools in 19 rural areas across Ukraine.

**Teach For
Ukraine 2021-
2023 cohort**



WNISEF also funded several projects by the **CERGE-EI Foundation**, which introduced Ukrainian universities to Western-style teaching practices taught by fellows with international learning experience. Namely, the **Teaching Fellows** and **Distance Learning program** supported seven economics faculty members across five universities, teaching 240 undergraduate students. Five courses on modern market-based economics and special pedagogical training for the Distance Learning Program enabled participants to foster their professional development and gain new insights. Additionally, WNISEF supported CERGE-EI and Reaction in organizing a one-day **“The Price of War” symposium** in London. The event addressed making informed decisions by policymakers, private-sector strategists, and nonprofits in a complex economic landscape.

Expanding horizons for Ukraine’s future scientists, WNISEF continued to support the **Mitacs Globalink Research Internship Program**, assisting with administrative, promotional and recruitment processes. As a result, the Program received a record number of applications during the 2022-2023 open call despite being held at the most challenging time for the country. 107 students selected for the Mitacs Globalink Research Internship Program gained an opportunity to obtain free education in science, engineering, mathematics, humanities, and social sciences in Canada. The internships are fully funded by the Canadian federal and provincial governments.



Within the innovations area, WNISEF supported the launch of two venture builder programs to help early-stage startups grow and succeed. The 6-month SME builder program **Mission Possible** provided valuable mentoring to 20 entrepreneurs in Kyiv, helping them launch their businesses and achieve their first sales. In addition, in partnership with YEP! Ukraine, the Fund organized a 6-month **YEP! Accelerator** program. The accelerator hosted 12 early-stage startups to provide them with new skills as well as opportunities to practice their pitches to investors at demo days.

Mission Possible participants, Kyiv, November 2023

In addition to these two programs, WNISEF collaborated with the Ukrainian Startup Fund, Techosystem, and Ukrainian Bridge to organize a visit of eight Ukrainian startups to the **Collision Conference** in Toronto. Supported by Ukraine’s Ministry of Digital Transformation, the Ukrainian delegation presented the national technology ecosystem at the Ukrainian national stand and side event.

One of the biggest challenges associated with the war is the drastic outflow of Ukrainian workers. This has also affected the IEE program, as many skilled individuals eligible for its projects left the country. To better understand this trend, WNISEF partnered with the Ministry of Economy of Ukraine to **research policies for human capital development**. The resulting analytical report, **“Future of Work”** by EasyBusiness, suggested solutions for retaining talented Ukrainians and encouraging those who left the country to return home. After publication, the report was also presented at the Human Capital UA Forum in October 2023.



INSCIENCE
Conference,
Kyiv, Ukraine,
June 2023

Paving the Road to Transformation for Moldova

Thanks to the favorable political climate for reform in Moldova, WNISEF decided to expand its operations there. Among other initiatives, the Fund worked closely with the Ministry of Economic Development and Digitalization of Moldova to launch the new **Reform Office**. This newly created agency is responsible for identifying key areas for improvement within the existing regulatory framework to create a modern and efficient business environment. The Office's notable achievements so far include the approval of the Strategy for Digital Transformation of public services, which will improve public governance efficiency and transparency; the development of deregulation reform; and the creation of a public communications strategy to promote the Ministry's efforts. According to **Anton Waschuk, Innovation, Education and Entrepreneurship Program Director**, the Reform Office is quickly becoming a significant driver on Moldova's path to EU accession.

IEE Program
Director
**Anton
Waschuk**



In addition to reform support, the Fund also financed several projects to boost Moldova's vibrant entrepreneurial ecosystem. In partnership with USAID's FTA and the Organization for Entrepreneurship Development, WNISEF signed a Memorandum of Understanding to launch the **Innova-**

tion and Start-up Grant Program in fall 2023. The Program received over 100 applications from local small businesses, demonstrating great interest in the program. WNISEF will distribute grants of EUR 15,000-25,000 to 25-30 companies, ensuring their access to non-risk capital.

In addition, WNISEF sponsored the **Upcelerator Program**, an online accelerator for idea-stage startups in the technology field powered by the DreamUps organization. The Program's best startup Studio CROPS received a EUR 5,000 grant from the Fund. The startup offers digital video processing services with a unique style and vibrant colors tailored to each category: independent feature films, dramas, commercials, music videos, documentaries, short films, and fashion videos.

Based on WNISEF's experience, another effective way to support young entrepreneurs is through mentorship. In Moldova, WNISEF joined XY Partners to organize the **Entrepreneur in Residence Program**, the first program of its kind for Moldova, where 11 experts in finance, tech, law, and entrepreneurship from the Moldovan diaspora coach local startups. Since its official launch in August 2023, 34 companies have benefited from the Program, with growing interest from startups to participate next year. Additionally, the Fund supported **YEP Moldova! Creative Accelerator**, which launched in February 2023. Out of 132 applications, 12 teams were selected for training and mentoring by successful entrepreneurs. They also received support in project development and had the opportunity to pitch their ideas during the Demo Day. WNISEF is also proud to have joined USAID, Sweden, and UKaid in funding the first traction-type program in Moldova, **UpNext** by DreamUps, which provides comprehensive support to six promising startups and connects them with experienced mentors.

Entrepreneur in Residence Program Launch Event, Chisinau, Moldova, August 2023

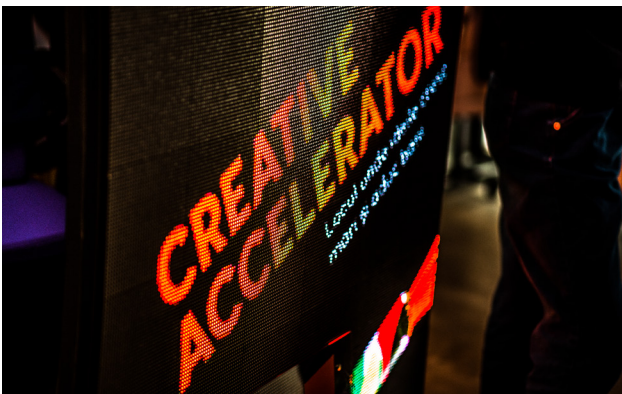


In an effort to celebrate the achievements of Moldovan technology and creative companies and highlight their immense potential, WNISEF funded a number of awards and other tech events. This includes the first **Moldova Innovation Awards**, held as part of the Moldova Digital Summit 2023; as well as **DeepTech GigaHack**, Moldova's largest hackathon, which gathered over 250 participants. In addition, WNISEF helped a delegation of eight Moldovan early-stage tech startups and government representatives visit **TechCrunch Disrupt** in San Francisco, a major event in the global tech industry. All of these efforts allowed Moldovan tech enthusiasts to gain exposure to wider audiences, discover the latest technologies, attract investors and media visibility, and network with other industry drivers.

The swift advancement of technology requires a progressive, competitive, and skilled young generation. To facilitate their education, WNISEF signed a Memorandum of Understanding with Moldova's Ministry of Education, USAID FTA, Google, and Orange Moldova to expand the **Future Classroom Robotics Program**. This cooperation provided an additional 90 schools in Moldova with robotics kits including sensors, motors, and components for creating and designing robots to help students enhance their science, technology, engineering, and mathematics skills. The Program has already trained over 40,000 students across the country since 2015 and will now further expand its capacity, making Moldova highly competitive in the robotics sector.

YEP! Moldova Creative Accelerator Launch Event, Chisinau, Moldova, February 2023

Entrepreneurship is also not only about tech. To encourage growth in other markets, the Fund partnered with APIUS and USAID FTA to launch the **Moldova Brands Runway**, the premier event in Moldova's fashion industry. The event showcased designers' collections made from recyclable, eco-friendly materials and offered visitors interactive activities based on the latest AI technologies. 19 talented designers, including four participants from Ukraine, Armenia, and Romania, demonstrated their collections to a broader international audience.





In the future, the Innovation, Education and Entrepreneurship Program will continue supporting innovative SMEs through grants, capacity building, and country promotion. The Fund also plans to expand cooperation with key ministries in both Ukraine and Moldova to provide technical support on the countries' path to EU accession. The Program will also retain its focus on developing technology ecosystems as well as expanding educational opportunities for future leaders, providing support for top acceleration and youth leadership programs.

**MoU signing
with USAID's
FTA and ODA
to launch the
Innovation
and Startup
Grant
Program,
July 2023**





U.VENTURES FUNDING TOMORROW'S INNOVATORS



**Haiqu Founders
Richard Givhan and Mykola Maksymenko**

Following one of its key goals to support entrepreneurship to boost the economic development of Ukraine and Moldova, WNISEF has been investing in early-stage startups through the **u.ventures** venture capital fund since 2017. As part of its activities, the Fund can provide from USD 100,000 to USD 2,000,000 in funding for innovative entrepreneurs who build top-notch products with the capacity for worldwide growth.

In 2023, the global IT market experienced a decline due to the rise of interest rates and a decrease in venture capital which led to mass layoffs and cost optimizations in the industry. Compounded by wartime challenges, those macro factors harmed Ukraine's IT exports in both volume (8,5% decrease) and share of total exports (3,3%). Striving to reinforce Ukraine's IT sector, **u.ventures** continued funding promising startups and ecosystem projects, reaching a record number of investments.

Since the beginning of Russia's full-scale invasion of Ukraine, the Fund has invested a total of USD 4M in eight Ukrainian startups and one Moldovan company, expanding its portfolio to 23 companies and the total volume of investments to USD 7.5M. Companies that joined the Fund's portfolio include:

"2023 became a year of resilience and successful adaptation for many technological businesses. We are glad to see that the Ukrainian market keeps up with global trends, offering more solutions shaped by AI and daring to develop moonshot deep-tech startups. It inspires us to actively invest in the best of them, as well as contribute to the development of the sector in general," says **Andrii Sorokhan, Venture Director at u.ventures.**

**u.ventures
Venture Director
Andrii Sorokhan**





Instock is a warehousing automation company that develops software and hardware solutions to optimize order fulfillment in the eCommerce industry. The company's robots are designed to transfer items within a three-dimensional grid structure, increasing warehouse throughput and reducing footprint. The technology is scalable, allowing for a flexible number of identical robots to be placed in the grid structure according to the customer's needs.



Haiqu develops software to improve the efficiency of quantum computers. The company's technology reduces the size of Quantum Circuits by 30 times, which makes it possible to run large and complex algorithms on near-term hardware. Quantum computers use the properties of quantum mechanics to store data and perform computations which allows them to perform complex calculations much faster than traditional computers.



Cloudprinter is a leading global print-on-demand platform, developing Print APIs for Web²Print providers, e-commerce solutions, enterprises, and publishers worldwide with a total range of over 5,000 printed products.



NewHomesMate (ex-Propertymate) is a marketplace that helps home buyers search, compare, and buy new homes. The platform aims to streamline and digitize the process of purchasing newly constructed homes by matching home buyers with suitable builders. Founded by Ukrainian emigrées in Austin, U. S., the platform covers fifteen U. S. cities and areas.



Speedsize provides an innovative alternative to conventional compression and delivery of media content, optimizing the size and loading time of visual media without quality loss. Using AI to process data, the platform does not involve coding or API, which allows it to integrate with eCommerce brands quickly and easily.



Mate Academy Team

The Fund’s existing portfolio companies have also shown significant progress in 2023. In particular, **Mate Academy**, which trains people to become software engineers and designers with payment only upon job placement, received an award as one of the most promising Ukrainian startups from “Incredible Tech” by the Ministry of Digital Transformation of Ukraine. The all-in-one performance enablement platform **Rallyware**, with the help of a private equity PeakSpan company, acquired Myagi, a platform that provides brand training to retail associates. **DressX**, a digital fashion marketplace, launched collaborations with such world-known brands as Universal Music, Roblox, and Diesel. Moreover, newcomer **Haiqu** has already signed a partnership with Canada’s Perimeter Institute to develop its research group, which will work at one of the institute’s laboratories, the Quantum Intelligence Lab (PIQuIL).

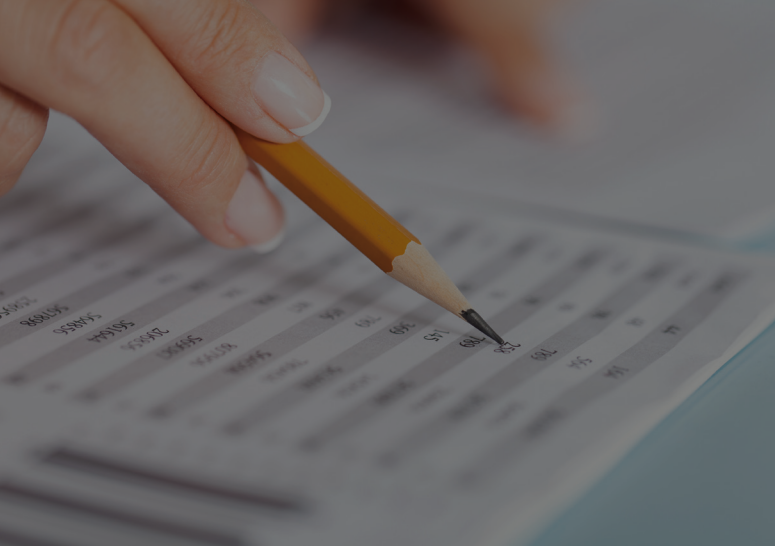
In addition to investments and supporting portfolio companies, the Fund also participated in a broad range of projects providing aid to startups and their founders. **u.ventures** backed the **Ukrainian Startup Fund (USF)** to provide USD 25,000 pre-seed and USD 50,000 seed grants to IT startups evaluated and vetted by experts starting in 2024. Together with WNISEF’s Innovation, Education, and Entrepreneurship Program, the Fund supported the development of **Mission Possible** venture-building program; **YEP** startup acceleration program; as well as conducted the research study, **“Ukrainian Founders’ Journey: Origin, Education, and What Makes a Successful Tech Entrepreneur in Ukraine”**. In addition, **u.ventures** supported Ukrainian delegation at the **Web Summit** and the visit of Moldovan startups to **TechCrunch Disrupt**.

While many venture capital funds demonstrated caution and reduced their investments in 2023, **u.ventures**





continued to back interested innovators from Ukraine and Moldova to develop and grow. Looking ahead to 2024, the Fund intends to continue investing in building more substantial global companies with Ukrainian and Moldovan roots and developing a favorable tech ecosystem for more ambitious startups in the region.



A close-up photograph showing a portion of a calculator with buttons labeled 'MRC' and 'C/CE'. A silver pen lies diagonally across a spreadsheet with numerical data. The spreadsheet contains several rows of numbers, including 45654, 1234546, 15654, 18541, 216354, 459841, 4586513, 76343544, 984944, 85721, 78745, 98464, 9856985, 789654, 321456, 369852, 369878, 545612, 12321, 5646, 12316, 369, 2121, 845651, 648, 12354, 9846251, 125685, 3416545, 85221, 45649, 32, 541654, 84651, 1235, 14561.

45654	1234546	1
15654		5
18541	216354	
459841	4586513	
76343544	984944	
85721	78745	98464
9856985	789654	321456
369852	369878	545612
12321	5646	12316
		369
		2121
845651	648	12354
125685	3416545	9846251
85221	45649	541654
84651	1235	14561



FINANCIAL STATEMENTS





Financial Statements

Western NIS Enterprise Fund

Years ended September 30, 2023 and 2022
with Report of Independent Auditors

Western NIS Enterprise Fund
Financial Statements
Years ended September 30, 2023 and 2022

Contents

Independent auditors' report.....	58
Statements of assets and liabilities	60
Statement of operations and changes in fund balance — 2023.....	61
Statement of operations and changes in fund balance — 2022.....	62
Statements of functional expenses	63
Statements of cash flows.....	64
Condensed schedule of investments — 2023.....	65
Condensed schedule of investments — 2022.....	66
Notes to financial statements	67

Independent Auditors' Report

To the Board of Directors of Western NIS Enterprise Fund

Opinion

We have audited the financial statements of Western NIS Enterprise Fund (the Fund), which comprise the statements of assets and liabilities including the condensed schedules of investments as of September 30, 2023, and 2022, and the related statements of operations and changes in fund balance, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of September 30, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for one year after the date that the financial statements are issued.

Entity: Western NIS Enterprise Fund

Independent auditor: PJSC "KPMG Audit", a company incorporated under the Laws of Ukraine, a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Registration No. in the Unified State Register of Legal Entities and Entrepreneurs of Ukraine 31032100.

Registration No. in the Register of Auditors and Audit Organisations 2397.

Address: 32/2 Kniaziv Ostrozkykh Str., Kyiv, 01010, Ukraine

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

PJSC "KPMG Audit"

PJSC KPMG Audit
Kyiv, Ukraine
January 5, 2024

Western NIS Enterprise Fund
Statements of Assets and Liabilities
September 30, 2023, and 2022
Expressed in US Dollars

	2023	2022
Assets		
Investments, at fair value (cost of \$158,562,859 and \$23,925,753 as of September 30, 2023, and 2022, respectively) <i>(note 5)</i>	\$197,147,548	\$51,730,406
Cash and cash equivalents <i>(note 6)</i>	26,202,040	30,786,406
Impact Investing Program long-term deposits	322,643	341,741
Prepaid expenses:		
Program management fees <i>(note 15)</i>	131,250	131,250
Investment management fees <i>(note 15)</i>	26,409	25,033
Other	163,302	137,964
Fixed assets, net of accumulated depreciation and amortization <i>(note 7)</i>	25,666	21,424
Interest, dividends, and other receivables <i>(note 11)</i>	18,191	27,718
Other assets <i>(note 15)</i>	65,102	256,734
Total assets	\$224,102,151	\$83,458,676
Liabilities and fund balance		
Accounts payable and other accrued expenses	309,209	194,794
Exit-based incentive payable <i>(note 10)</i>	464	10,342
Other liabilities <i>(note 12)</i>	228,169	211,323
Total liabilities	537,842	416,459
Fund balance (with Donor Restrictions)	223,564,309	83,042,217
Total liabilities and fund balance	\$224,102,151	\$83,458,676

See accompanying notes to financial statements.

Western NIS Enterprise Fund

Statement of Operations and Changes in Fund Balance

Year ended September 30, 2023

Expressed in US Dollars

	With Donor Restrictions	Without Donor Restrictions	Total
Investment income			
Interest income	\$ 2,290,449	-	\$ 2,290,449
Other income	36,409	-	36,409
Total investment income	2,326,858	-	2,326,858
Financial expenses (amortization of securities)	(386,609)	-	(386,609)
Net assets released from restrictions			
Satisfaction of program restrictions (investing activities)	(962,762)	962,762	-
Operating expenses for investment activities	-	(962,762)	(962,762)
Net investment gain	977,487	-	977,487
Net realized loss and change in unrealized gain on investments			
Net realized loss on investments (note 5)	(2,205,555)	-	(2,205,555)
Net change in unrealized gain on investments (note 5)	13,783,347	-	13,783,347
Net realized loss and change in unrealized gain on investments	11,577,792	-	11,577,792
Net increase in fund balance from investment activities	12,555,279	-	12,555,279
Net assets released from restrictions			
Satisfaction of program restrictions (Legacy Programs)	(6,423,171)	6,423,171	-
Legacy Programs			
Economic Leadership Program	-	(3,392,109)	(3,392,109)
Export Promotion Policy Program	-	(681,973)	(681,973)
Local Economic Development Program	-	(564,484)	(564,484)
Impact Investing Program	-	(140,112)*	(140,112)
Administration	-	(1,644,493)	(1,644,493)
Total Legacy Programs expenses	-	(6,423,171)	(6,423,171)
Net decrease in fund balance from Legacy Programs	(6,423,171)	-	(6,423,171)
Net increase in fund balance from operations	6,132,108	-	6,132,108
U.S. Government Grant received (note 4)	134,380,106	-	134,380,106
Deferred exit-based incentive	9,878	-	9,878
Net increase in fund balance	140,522,092	-	140,522,092
Fund balance, beginning of year	83,042,217	-	83,042,217
Fund balance, end of year	\$ 223,564,309	-	\$ 223,564,309

*No currency translation loss on hryvnia-denominated deposits was recorded during the fiscal year ending September 30, 2023.
See accompanying notes to financial statements.

Western NIS Enterprise Fund

Statement of Operations and Changes in Fund Balance

Year ended September 30, 2022

Expressed in US Dollars

	With Donor Restrictions	Without Donor Restrictions	Total
Investment income			
Interest income	\$ 40,100	-	\$ 40,100
Other income	36,415	-	36,415
Total investment income	76,515	-	76,515
Net assets released from restrictions			
Satisfaction of program restrictions (investing activities)	(578,788)	578,788	-
Operating expenses for investment activities	-	(578,788)	(578,788)
Net investment loss	(502,273)	-	(502,273)
Net realized loss and change in unrealized gain on investments			
Net realized loss on investments (note 5)	(1,013,162)	-	(1,013,162)
Net change in unrealized gain on investments (note 5)	6,252,515	-	6,252,515
Net realized loss and change in unrealized gain on investments	5,239,353	-	5,239,353
Net increase in fund balance from investment activities	4,737,080	-	4,737,080
Net assets released from restrictions			
Satisfaction of program restrictions (Legacy Programs)	(4,896,132)	4,896,132	-
Legacy Programs			
Economic Leadership Program	-	(1,875,030)	(1,875,030)
Export Promotion Policy Program	-	(501,867)	(501,867)
Local Economic Development Program	-	(458,393)	(458,393)
Impact Investing Program	-	(333,613)*	(333,613)
Administration	-	(1,727,229)	(1,727,229)
Total Legacy Programs expenses	-	(4,896,132)	(4,896,132)
Net decrease in fund balance from Legacy Programs	(4,896,132)	-	(4,896,132)
Net decrease in fund balance from operations	(159,052)	-	(159,052)
Deferred exit-based incentive	1,856	-	1,856
Net decrease in fund balance	(157,196)	-	(157,196)
Fund balance, beginning of year	83,199,413	-	83,199,413
Fund balance, end of year	\$ 83,042,217	-	\$ 83,042,217

* Program expenses also include currency translation loss on hryvnia-denominated deposits of \$171,629.
See accompanying notes to financial statements.

Western NIS Enterprise Fund

Statements of Functional Expenses

Year ended September 30, 2023

(with comparative totals for the year ended September 30, 2022)

Expressed in US Dollars

	Legacy Programs	Investment Activities	Total 2023	Total 2022
Grants	\$ 3,240,125	-	\$ 3,240,125	\$ 1,740,075
Program management fees	525,000	-	525,000	525,000
Investment management fees (securities held on JP Morgan Chase account)	-	235,180	235,180	-
Investment management fees	-	102,904	102,904	81,102
Exit-based incentive expense	-	9,878	9,878	1,856
Employee compensation and benefits	1,369,635	157,418	1,527,053	1,369,813
Organization and support of forums, events, conferences	224,703	-	224,703	180,992
Business travel	557,494*	108,551	666,045	656,131*
Professional fees	251,727	161,441	413,168	345,511
Other expenses	145,616	155,459	301,075**	445,153**
Occupancy	99,363	31,684	131,047	118,993
Depreciation and amortization	7,013	247	7,260	8,044
Scholarships	2,495	-	2,495	2,250
Total	\$ 6,423,171	\$ 962,762	\$ 7,385,933	\$ 5,474,920

* As of September 30, 2023, and 2022 Legacy Program expenses also include expenditures relating to personnel relocation of \$172,613 and \$332,175, respectively, allocated to each program and Legacy Program administration expenses.

**As of September 30, 2022, Legacy Program expenses also include currency translation loss on hryvnia-denominated deposits of \$171,629 within Impact Investing Program. No currency translation loss on hryvnia-denominated deposits was recorded as of September 30, 2023.

See accompanying notes to financial statements.

Western NIS Enterprise Fund

Statements of Cash Flows

Years ended September 30, 2023 and 2022

Expressed in US Dollars

	2023	2022
Cash flows from operating activities		
Net increase (decrease) in fund balance from operations	\$ 6,132,108	\$ (159,052)
Adjustments to reconcile net increase (decrease) in fund balance to net cash used in operating activities:		
Proceeds from:		
Securities redemption (held on JP Morgan Chase account)	6,556,684	-
Limited Partnership Interests, distributions	464,010	868,642
Debt securities	375,000	-
Disbursements for:		
Securities purchase (held on JP Morgan Chase account)	(6,763,306)	-
Limited Partnership Interests, capital calls	(2,017,407)	(2,722,749)
Debt securities	(716,830)	-
Other financial assets	(550,000)	(500,000)
Equity	(249,996)	(1,069,992)
Interest accrued on debt securities (JP Morgan Chase)	(62,925)	-
Fixed assets	(11,576)	(8,258)
Depreciation and amortization	7,260	8,044
Net realized loss from sale of investments	125,750	1,013,162
Net realized loss from sale of securities (held on JP Morgan Chase account)	2,079,805	-
Net change in unrealized gain on investments	(12,400,712)	(6,252,515)
Net change in unrealized gain on securities (held on JP Morgan Chase account)	(1,382,635)	-
Loss on disposal of fixed assets	74	99
Financial expenses (amortization of securities)	386,609	-
Deferred exit-based incentive	9,878	1,856
Decrease in Impact Investing Program long-term deposit	19,098	168,287
Increase in prepaid investment management fees	(1,376)	(11,926)
Increase in other prepaid expenses	(25,338)	(77,357)
Decrease in proceeds receivable	-	132,051
Decrease (increase) in interest, dividends, and other receivables	27,081	(31,196)*
Interest accrued on cash management account (JP Morgan Chase)	(10,743)	-
Decrease (increase) in other assets	191,632	(203,314)
Increase (decrease) in accounts payable and other accrued expenses	114,415	(148,074)
Decrease in exit-based incentive payable	(9,878)	(1,856)
Increase (decrease) in other liabilities	16,846	(293,918)
Net cash used in operating activities	(7,696,472)	(9,288,066)
Financial activities		
U.S. Government Grant received – cash	3,112,106	-
Net cash provided by financing activities	3,112,106	-
Cash and cash equivalents, beginning of year	30,786,406	40,074,472
Cash and cash equivalents, end of year	\$ 26,202,040	\$ 30,786,406
Non-cash transactions		
U.S. Government Grant received - securities	\$ 131,268,000	-

*Movement in interest, dividends, and other receivables includes accrued interest converted to debt and equity as of September 30, 2022, in amount of \$6,196.

See accompanying notes to financial statements.

Western NIS Enterprise Fund
Condensed Schedule of Investments
September 30, 2023
Expressed in US Dollars

Investments (88.2%)¹	Principal	Cost	Fair Value
<u>Debt securities at JP Morgan Chase (58.3%)</u>			
<u>United States (57.2%)</u>			
Long Term debt securities (51.9%)			\$ 116,085,686
Short-term debt securities (5.3%)			11,996,025
<u>Canada (1.1%)</u>			
Long-term debt securities (1.1%)			2,365,247
Total Debt securities²		\$ 132,325,126	\$ 130,446,958
<u>Limited Partnership Interests (26.9%)</u>			
Emerging Europe Growth Fund III, L.P. (EEGF III)			58,565,687
Horizon Capital Growth Fund IV, L.P. (HCGF IV)			1,421,939
Total Limited Partnership Interests³		20,248,932	59,987,626
<u>Equity (2.0%)</u>			
<u>Ukraine (2.0%)</u>			
IT Services (0.9%)			1,992,875
Information and communication technology (0.4%) ⁴			913,726
Financial services (0.3%)			584,983
Interactive products (0.2%)			507,193
Education technology (0.1%)			299,992
Warehouse automation (0.1%) ⁵			249,995
Total Equity		3,521,971	4,548,764
<u>Debt (0.4%)</u>			
<u>Ukraine (0.3%)</u>			
IT services (0.2%) ⁶	500,000		500,000
Manufacturing (0.1%)	400,000		42,320
<u>Moldova (0.1%)</u>			
Education technology (0.1%) ⁷	216,830		211,880
Total Debt		1,116,830	754,200
<u>Other financial assets (0.6%)⁸</u>			
<u>Ukraine (0.6%)</u>			
Information and communication technology (0.5%) ⁹			1,210,000
Quantum technology (0.1%) ¹⁰			200,000
Total Other Financial Assets		1,350,000	1,410,000
TOTAL INVESTMENTS		\$ 158,562,859	\$ 197,147,548

¹ Percentages indicated are based on the fund balance as of September 30, 2023. The Fund's investments are closed-end investments with periodic liquidity.

² Securities received from TUSRIF held on JP Morgan Chase account.

³ The cost of EEGF III and HCGF IV limited partnership interests is presented net of cumulative operating income and expenses.

⁴ In February 2023, SAFE note to DressX of \$250,000 was converted into 0.486% stake in the company's equity.

⁵ In September 2023, the Fund made investment of \$249,995 into InStock and acquired 1.24% share of the company.

⁶ In September 2023, the Fund made new debt investment into SpeedSize of \$500,000.

⁷ In December 2022, the Fund made new debt investment into Bloomcoding of \$216,830.

⁸ Simple agreement for future equity (SAFE).

⁹ In June 2023, the Fund made investment of \$350,000 through a Simple agreement for future equity (SAFE) into Propertymate.

¹⁰ In April 2023, the Fund made investment of \$200,000 through a Simple agreement for future equity (SAFE) into Haiqu.

See accompanying notes to financial statements.

Western NIS Enterprise Fund
Condensed Schedule of Investments
September 30, 2022
Expressed in US Dollars

Investments (62.3%) ¹	Principal	Cost	Fair Value
Limited Partnership Interests (55%)			
Emerging Europe Growth Fund III, L.P. (EEGF III)			\$ 45,537,380
Emerging Europe Growth Fund, L.P. (EEGF)			156,706
Total Limited Partnership Interests²		\$ 18,953,777	\$ 45,694,086
Equity (5.3%)			
Ukraine (5.3%)			
IT Services (2.6%) ^{3,4}			2,210,354
Information and communication technology (1.1%)			884,968
Financial services (0.6%) ⁵			531,476
Interactive products (0.6%)			505,390
Education technology (0.4%) ⁶			299,992
Total Equity		3,021,976	4,432,180
Debt (0.7%)			
Ukraine (0.7%)			
Financial services (0.6%)	500,000		500,000
Manufacturing (0.1%)	400,000		39,140
Total Debt		900,000	539,140
Other financial assets (1.3%)⁷			
Ukraine (1.3%)			
Information and communication technology (1.3%) ^{8,9}			1,065,000
Total Other Financial Assets		1,050,000	1,065,000
TOTAL INVESTMENTS		\$ 23,925,753	\$ 51,730,406

¹ Percentages indicated are based on the fund balance as of September 30, 2022. The Fund's investments are closed-end investments with no periodic liquidity.

² The cost of EEGF and EEGF III limited partnership interests is presented net of cumulative operating income and expenses.

³ In November 2021, the Fund made follow-on investment to Rallyware of \$250,000 thus, increasing its ownership to 2.47%.

⁴ In January 2022, the Fund made debt investment into Turnkey Lender of \$250,000, which later, in June 2022, was converted into equity together with interest accrued in the amount of \$6,196. Thus, WNISEF's equity stake in the company increased from 1.02% to 1.42%.

⁵ In December 2021, the Fund made equity investment of \$86,000 into Fintech Farm. Then, in May 2022, the Fund made debt investment of \$184,000 into this company, which later, in July 2022, was converted into equity. Thus, WNISEF's equity stake in the company increased from 0.27% to 0.42%.

⁶ In October 2021, the Fund made new investment of \$299,992 into Mate Academy and acquired 1.77% share of the company.

⁷ Simple agreement for future equity (SAFE).

⁸ In December 2021, the Fund made investment of \$300,000 through a Simple agreement for future equity (SAFE) into One Notary.

⁹ In January 2022, the Fund made investment of \$200,000 through Simple agreement for future equity (SAFE) into Salo App.

See accompanying notes to financial statements.

Western NIS Enterprise Fund
Notes to Financial Statements
September 30, 2023 and 2022

1. Background

(a) Organization and Description of Business

Western NIS Enterprise Fund (the Fund) is a not-for-profit corporation for tax purposes formed pursuant to the Support for East European Democracy Act of 1989 (the SEED Act) and the 1992 Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act (the FREEDOM Support Act) to promote the development of the private sector in the Western Newly Independent States region (the Region), which consists of Ukraine, Moldova, and Belarus. The United States Government (USG) authorized appropriations of \$150 million, which have been committed by the United States Agency for International Development (USAID) for the Fund program purposes and administrative expenditures (the Grant). Grants received from USAID are conditioned upon the Fund's compliance with the requirements of the Grant agreement with USAID and the SEED and FREEDOM Support Acts, which impose certain U. S. policy objectives and reporting obligations. The full amount of the Grant has been provided to the Fund by USAID, with the final tranche received in fiscal year 2007. Under the terms of this Grant agreement, the Fund may retain investment and realized gain income for program purposes.

In January 2023, the Fund has received additional funding of \$134 million held in investment accounts with JP Morgan Chase Bank, presented as debt securities, to expand WNISEF's ability to meet critical needs and increase its contribution to the economic recovery in the Region. These funds were transferred from the U.S. Russia Investment Fund (TUSRIF), in partnership with USAID. These additional resources are aimed at supporting worthy initiatives, including SME resilience and expansion in Ukraine, displaced businesses, and workers, as well as aiding municipalities, NGOs, businesses, and other organizations to contribute to Ukraine's economic revitalization and rebound, in coordination with the U. S. and Ukrainian governments.

According to the Grant agreement, USAID must establish a Termination Commencement Date (TCD) after which the Fund cannot make any new commitments or investments without the prior written consent of USAID and will commence the winding up of its affairs and sale of its assets. Under this authority, USAID originally established the TCD as August 26, 2009, then granted extensions through August 26, 2011, then to August 26, 2013, subject to the Fund making no new investments, no new follow-on investments in its existing portfolio (beyond one follow-on investment approved prior to this date) and only continue to fund, as legally required, its unfunded commitment in Emerging Europe Growth Fund, L. P. (EEGF). In June 2013, rather than further extend the TCD, the Grant Agreement was amended to establish August 26, 2016, as the Target Liquidation Date (TLD). Effective January 28, 2015, USAID approved the Fund's proposal to continue the mission of the FREEDOM Support Act of 1992 and the Foreign Assistance Act of 1961, through the existing WNISEF structure. As such, the Grant Agreement was amended to change the TCD from August 26, 2013, to December 31, 2017, and change the TLD from August 26, 2016, to December 31, 2018, to allow the Fund to carry out the program activities described in its proposal. Effective April 14, 2016, USAID additionally modified the Grant to change the TCD from December 31, 2017, to December 31, 2022, and change the TLD from December 31, 2018, to December 31, 2023.

1. Background (continued)

(a) Organization and Description of Business (continued)

The Amended Grant Agreement enabled the Fund: i) to disburse \$5 million to make new investments and commitments in Ukraine and Moldova to encourage the creation and expansion of small and medium enterprises (SMEs); ii) to apply an additional \$5 million to its Legacy Programs, thereby increasing total allowable expenditures from \$30 million to \$35 million; (iii) to commit \$30 million of program income as anchor investor, on pari passu terms with private investors, in EEGF III, a U. S.-domiciled fund launched by Horizon Capital that raised \$200 million to provide loans, equity and financial support to SMEs in Ukraine and Moldova. Effective March 23, 2022, USAID additionally modified the Grant to change the TCD from December 31, 2022 to December 31, 2030 and change the TLD from December 31, 2023 to December 31, 2031. The Amended Grant Agreement (i) enabled the Fund to make new investments and commitments at the discretion of its Board to encourage the creation and expansion of small and medium enterprises (SMEs) in Ukraine and Moldova; ii) fixed the budget of the Fund's Legacy Programs at \$5 million per year subject to the availability of funds. Additionally, as a response to full-scale Russia's invasion to Ukraine, USAID amended the structure of allowable expenditures. Specifically, Grant Modification #25 as of March 23, 2022, signed by USAID and the Fund states:

"In the case of any event posing a threat to the Fund's programs, including but not limited to actual or threatened civil disorder, war, natural disaster or other unusual event posing a serious and/or imminent threat (Extraordinary Risk) to the Fund's operations, programs, and/or personnel, the Fund is authorized, upon receiving prior written approval of The Agreement Officer to use Program Income to take all steps it deems reasonable and appropriate to avoid or mitigate such extraordinary risk and protect lives and property associated with the Fund and its Legacy including: i) transporting Fund staff and their immediate family members out of Ukraine and/or Moldova and/or to a safer location within the Region; ii) providing shelter for such transported staff and families; iii) establishing a base of operations, including office space and equipment and appropriate telecommunications equipment, outside of the Region or to a safer location within the Region; iv) relocating the Ukrainian Leadership Academy programs, staff and their immediate family members, students, and equipment and materials to a location outside of the Region or to a safer location within the Region and providing shelter for such staff and families and students; v) other such measures that in the judgment of the Fund and USAID are reasonable and necessary to protect lives and property associated with the Fund and its Legacy Programs."

In February 2022, prior to the onset of the full-fledged Russia's invasion of Ukraine, the Fund implemented its Business Continuity Plan, including securing accommodation in Western Ukraine and supporting Fund personnel and family members to relocate to Western Ukraine and then to the European Union given the high priority accorded to the safety and security of employees and partners on-the-ground in Ukraine. Based on the USAID approval granted by Grant Modification #25, WNISEF has incurred associated relocation costs and provided additional assistance required.

1. Background (continued)

(a) Organization and Description of Business (continued)

The Ukrainian Leadership Academy program staff and immediate family members and students were also relocated to Western Ukraine, with expenses related to their relocation also incurred by the Fund.

Legacy Programs

In February 2015, the Fund initiated Legacy Programs based on a proposal submitted to USAID that originally envisioned a \$30 million three-year Legacy Program funded by a portion of the reflows earned by the Fund from its investment activities. In April 2016, as a result of a Grant Modification, the Fund was able to use an additional \$5 million for Legacy Programs, increasing total allowable expenditures to a minimum of \$35 million, before factoring in proceeds from sale of existing and future investments. Specifically, Grant Modification #24 as of April 14, 2016, signed by USAID and the Fund states:

“Notwithstanding any other provision of this Grant Agreement, WNISEF will continue selling on an orderly basis the following assets existing in its direct investment portfolio as of September 30, 2015: Glass Container Company; Glass Container Prim; Kerameya; Fincombank; Svitanok; and a limited partnership interest in the Emerging Europe Growth Fund, L. P., with a total estimated fair market value of \$17.7 million per the audited financial statements. Further, any liquidation proceeds realized by the WNISEF pursuant to the sale of these assets, as well as the sale of new investments in the future described in 11.1. c above (i. e. SME program), and future investments in the EEGF III portfolio described in 11.1. a above, shall be allocated as follows: (i) 50% of such proceeds shall be utilized by WNISEF to support activities described in the Legacy Proposal; and (ii) 50% of such proceeds shall be utilized by WNISEF for new investments and commitments to be undertaken to encourage the creation and expansion of SMEs in Ukraine and Moldova.”

The goals and objectives of the Legacy Programs are to assist Ukraine and Moldova with further development of sound economic policies and leadership during this critical time in their respective histories. Both Ukraine and Moldova signed Deep and Comprehensive Free Trade Agreements (DCFTA) with the European Union (EU) and must now undertake significant changes to their economic policies and to build cadres of well-trained leaders to fully benefit from the DCFTA. The four programs focus on:

- Mobilizing capital to address complex social issues (Impact Investing Program);
- Developing innovative market-based solutions linking local government and businesses to improve provision of services to citizens while supporting SMEs (Local Economic Development Program);
- Investing in people to broaden and deepen the human capacity necessary to advance private sector development in Ukraine and Moldova (Economic Leadership Program); and,
- Improving ability of Ukrainian exporters to access new markets (Export Promotion Policy Program).

1. Background (continued)

(a) Organization and Description of Business (continued)

Legacy Programs (continued)

In January 2023, WNISEF has received new funding of \$134 million in form of debt securities and cash to expand its ability to meet critical needs and increase its contribution to economic recovery in Ukraine and Moldova. These funds were transferred from The U.S. Russia Investment Fund (TUSRIF) in partnership with the U.S. Congress via USAID. In September 2023, USAID issued a Grant Modification which enabled the Fund to use the TUSRIF funds for supporting the creation, recovery and expansion of SME and economic development in Ukraine and Moldova in the high level programmatic areas as Direct Investment and SME Development, Impact Investing, Local Economic Development, Entrepreneurship, Education and Innovation and U. Ventures. Specifically, Grant Modification #26 as of September 20, 2023, signed by USAID and the Fund states:

“This Modification also authorizes WNISEF to spend \$23.8 million of the TUSRIF proceeds in alignment with the spending plans outlined in Tab B below, recognizing that this is notional and actual spending is dependent of many factors, such as demand, emerging opportunities, and conditions in the countries. In future years, WNISEF agrees to notify USAID of the specific activities and proposed budget allocations for the year, similar to the structure of the Tab A and Tab B below, 21 days prior to the WNISEF board meeting to review and adopt the Annual Budget (“Annual Budget Meeting”). WNISEF will provide USAID with copies of all budget materials provided to the Board, as well as an explanation of the recommendations of WNISEF management regarding the allocation of TUSRIF Proceeds expenditures between Ukraine and Moldova. USAID intends to provide its feedback and comments on the proposed budget and activities 10 days prior to the Annual Budget Meeting. USAID anticipates that the cognizant Agreement Officer, Agreement Officer’s Representatives, and/or other Europe and Eurasia (E&E) Bureau personnel may attend the Annual Budget Meetings. This Modification also underscores the U.S. Government’s expectation that WNISEF will maintain a minimum annual allocation of 15% of the TUSRIF Proceeds expended each year for Moldova but that a good faith effort will be made to meet a 20% annual allocation target, subject to the political, economic and investment climate in the country. If WNISEF determines it will not be able to reach a 15% target allocation for Moldova each year, it must submit a justification to USAID in writing, via email, to the Grant Agreement Officer no later than 21 days prior to the Annual Budget Meeting. In the event that the budget does not meet the 15% requirement, WNISEF must obtain USAID’s Agreement Officer concurrence of the budget”.

The fund balance of the Fund is reported as with Donor Restrictions as USAID has imposed certain restrictions on net assets: on further commitments or investments as described in the Organization and Description of Business subsection and on usage of liquidation proceeds as described in Note 4.

1. Background (continued)

(a) Organization and Description of Business (continued)

Investment activities

The Fund makes no new follow-on investments to its legacy direct investment portfolio, but continues to fund, as legally required, its unfunded commitments in EEGF III and HCGF IV. At the same time, the Fund continues to be engaged in a private investment program in the Region, which through equity, debt investments, technical assistance, and other measures, emphasizes a commitment to SMEs. Through its direct role in investments in the Region's private sector, the Fund seeks to generate proceeds that will further support its activities and attract investments from other donors and investors.

Following the precedent of USAID-financed Enterprise Funds in Central and Eastern Europe, the Fund actively pursued its mission of attracting significant private capital to the Region by supporting the establishment of a private management company, Horizon Capital Associates, LLC (HCA, Investment Manager) and the launch of a private successor fund, EEGF. Based on USAID and Congressional approval, in 2006, the Board of Directors of the Fund committed \$25 million to EEGF and approved the sale of five Fund investments to EEGF in anticipation of its initial closing as well as the transfer of one Fund subsidiary to EEGF. Following the initial closing of EEGF, as of March 1, 2006, all employees, excluding employees based in the Fund's U. S. office, became employees of HCA's wholly owned subsidiary, Horizon Capital Advisors, LLC (HCAD), resulting in the transfer of employee compensation, operating and other expenses from the Fund to HCA and HCAD. From fiscal 2015, the Fund has hired certain employees focused solely on Legacy Programs. Their compensation is included in the Legacy Programs section of the statement of operations and changes in fund balance.

The Fund became an anchor investor of EEGF III, the third private fund launched by Horizon Capital. Based on USAID approval, in 2016, the Board of Directors of the Fund committed \$30 million to EEGF III and approved the warehousing of up to 100% of its \$30 million commitment of investments within WNISEF, which were transferred to EEGF III at cost upon its first closing. In June 2017, EEGF III held an initial closing of \$75 million in aggregate commitments and concluded an investment management agreement with Horizon Capital Associates III, LLC (HCA III, Investment Manager). As of the initial closing of EEGF III, based on USAID approval, securities purchase agreements were signed between the Fund and EEGF III for the sale at cost of two investments: Matar Trade & Invest Limited (Genesis) and Avalex Investment Limited (Anex). EEGF III reached its hard cap of \$200 million in aggregate commitments and held its final closing in December 2018.

In August 2022, the Board of Directors approved a commitment of \$10 million to Horizon Capital Growth Fund IV, L. P. ("HCGF IV") at its first closing, at pari-passu terms with third party investors, thus helping to catalyze \$105 million of capital from development financial institutions ("DFIs"). The Fund entered into Subscription Documents for HCGF IV as of September 26, 2022, thus committing \$10 million to HCGF IV in an Initial Closing totaling \$125 million, ultimately catalyzing \$297.5 million as of the date of issuance of these financial statements.

1. Background (continued)

(b) Business environment

All of the Fund's investments are in business activities conducted in the Region. The political and economic situation in Region has been subject to significant turbulence in recent years. The legal, tax and regulatory frameworks continue to evolve, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Region. Financial performance of the Fund's investees, however, is directly dependent on the macroeconomic and other factors as majority of the Fund's portfolio companies are conducting their operations in countries of European Union and the U. S.

The Russian Federation's invasion of Ukraine, the largest military attack on a European state since World War II, has led to significant disruption, instability, and volatility in global markets, as well as higher inflation (including by contributing to further increases in the prices of oil, gas and other commodities and further disrupting supply chains) and lower economic growth. The European Union, the United States, and other governments have imposed significant sanctions and export controls against the aggressor nation and related interests, and additional sanctions and controls cannot be ruled out. The war has represented a significant supply shock for the global economy, which has hampered economic growth and added to the inflationary pressures, mainly in European countries, due to their relatively significant economic ties with Ukraine and the aggressor nation. The economic effects were felt mainly through the increase in the commodity prices, primarily energy commodities, despite their moderation over the last few months in 2022. However, global commodity prices fell 14 percent in the first quarter of 2023 and by end-March they were roughly 30 percent lower than their historic peak in June 2022. The decline in prices reflects a combination of slowing economic activity, favorable winter weather, and a global reallocation of commodity trade flows. Commodity prices rose 5 percent in the third quarter of 2023, driven by a surge in oil prices. The start of the war in the Middle East between HAMAS and Israel in early October led to an initial uptick in prices, though the impact so far has been rather insignificant per se. Natural gas prices in Europe remain elevated and sensitive to disruptions at LNG terminals. Prices dropped 5 percent in second quarter of 2023 compared to the previous quarter, following steep declines earlier in the year amid weak liquefied natural gas (LNG) imports by China and the EU's orderly shift to increased gas by LNG.

Earlier, the United States Federal Reserve (FED) and the European Central Bank have raised policy interest rates, respectively, by 425 and 250 basis points throughout 2022, and further adjustments were expected to be announced in the coming months (such as the rise in the Fed's 0.25 basis points and the ECB's 0.5 basis points, announced on February 1 and February 2, 2023, respectively), taking them up to around 5.0% in the first case and 3.75% in the case of the interest rates for refinancing operations in the Eurozone. After putting rate hikes on pause at U.S. Federal Reserve June 2023 meeting, the central bank bumped up interest rates by 25 basis points in July 2023. Consequently, following a series of rate increases during 2023, the target policy rate is currently at 5.25% — 5.5% — the highest it's been in 22 years.

1. Background (continued)

(b) Business environment (continued)

A fall in the headline rate of inflation in major economies and pressure from financial markets for interest rate cuts were creating the conditions for a conflict in the governing bodies of the major central banks over the direction of monetary policy. Following a decline in the Eurozone inflation rate to 2.4 percent in October, its lowest level since July 2021, pressure is building on the European Central Bank to start reducing its interest rates amid fears that unless this is done there could be significant economic and financial consequences. Any move by the ECB to ease its monetary policy, however, is likely to meet opposition from within its governing body made up of representatives of the European banks, as assumed by the independent researchers of the matter.

In the US, the central bank is currently under pressure from the financial markets to declare that the rate tightening cycle is over, with traders making bets that the Federal Reserve will start cutting rates next year. Recently, U.S. Federal Reserve Chairman, Jerome Powell, sought to push back against the market pressure, saying that they are “strongly committed” to bringing inflation down to 2 percent and keeping monetary policy restrictive until it was confident inflation was on a path to that objective.

On February 10, 2023, global ratings agency Moody's downgraded Ukraine's sovereign rating to 'Ca' from 'Caa³', primarily due to concerns over the ongoing war-driven long-lasting challenges, primarily resulting from the increased risk to Ukraine's debt sustainability.

On April 6, 2023, S&P Global Ratings lowered its foreign currency (FC) long-term sovereign credit and issue ratings on Ukraine to 'CCC' from 'CCC+'. The outlook on the long-term sovereign FC rating is negative. At the same time, it was affirmed both 'C' short-term FC rating and 'CCC+/C' local currency (LC) long- and short-term sovereign credit ratings on the sovereign, with the outlook on the long-term LC rating is stable. The rating action follows Ukraine's official announcement that it will restructure its foreign currency external debt to restore public debt sustainability, as part of the recently agreed, four-year, \$15.6 billion Extended Fund Facility arrangement with the IMF.

Fitch Ratings affirmed Ukraine's Long-Term Foreign-Currency Issuer Default Rating (IDR) at “CC”, which reflects Fitch's expectation of a further commercial debt restructuring before the two-year standstill on Eurobond payments expires in September 2024. The 24-month payment deferral effected in August 2022 constituted a distressed debt exchange (DDE) under Fitch's sovereign rating criteria.

Whilst management believes it is taking appropriate measures to support the sustainability of the Fund's business in the current circumstances, deterioration in the business environment and/or intensification of hostilities in Ukraine may negatively affect the Fund's results and financial position in a manner that is not currently determinable. Deteriorating operating conditions for the portfolio companies may also in the future have further adverse effects on the Fund's cash flow forecasts and the fair value of its assets.

1. Background (continued)

(b) Business environment (continued)

Management's evaluation of the ability of the Fund's assessment of going concern was performed in accordance with ASC 205-40-50-5, which stipulates that when evaluating an entity's ability to meet its obligations, management shall consider quantitative and qualitative information about particular conditions and events, among other relevant conditions and events known and reasonably knowable at the date that the financial statements are issued.

In management view, the above events and circumstances do not raise substantial doubt about the Fund's ability to continue as a going concern. These financial statements reflect management's assessment of the impact of current conditions on the operations and the financial position of the Fund. Future conditions may differ from management's assessment. The impact of such differences on the operations and the financial position of the Fund may be significant. These financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary if the Fund was unable to continue as a going concern.

2. Basis of presentation

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The Fund is an investment company and follows accounting policies contained in the Accounting Standard Codification (ASC) Topic 946, *Financial Services – Investment Companies* (the Investment Company Guide), which requires investment companies to account for their investments at fair value, as opposed to consolidation or using the equity method. As such this presentation provides more useful information to users of the financial statements regarding the performance of an investment company.

In 2015 the Fund started its activities under Legacy Programs and started to follow the Accounting Standard Codification (ASC) Topic 958, *Not-for-Profit Entities*, which requires additional disclosures, resulting in related changes in the presentation of the financial statements and notes to them.

In August 2016, the FASB issued ASU 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The amendments in this ASU are designed to improve the current net asset classification requirements and the information presented in the financial statements about a not-for-profit entity's liquidity, financial performance, and cash flows.

The Fund has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. Its implementation has no impact on the previously reported fund balance. Fund balance previously reported as temporarily restricted is now reported as fund balance with Donor Restrictions.

2. Basis of presentation (continued)

Effective October 1, 2008, the Fund adopted ASC Subtopic 820 *Fair Value Measurement* that requires funds to classify investments into a fair value hierarchy as follows:

- Level 1: inputs are quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or,
- Level 3: inputs are unobservable inputs for the asset or liability. Level 3 inputs reflect the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) and are developed based on the best information available in the circumstances, which includes the Fund's own data.

3. Summary of Significant Accounting Policies

Management Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant item subject to estimates and assumptions is the fair value of investments. Actual results could differ from those estimates.

Investments in Equity and Debt Securities

Investments, which include both debt and equity components, are not readily marketable and are typically not listed on an exchange or quoted in an open market and, accordingly, are classified as Level 3 in the fair value hierarchy. These investments are stated at fair value by applying the guidance contained in the International Private Equity and Venture Capital Valuation Guidelines, edition December 2018, which is consistent with the requirements of the Investment Company Guide, as determined in good faith by management and approved by the Board of Directors. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Equity investments may be made in cash or with in-kind equipment contributions and are initially reflected at cost. Subsequent valuation is determined by considering relevant available qualitative and quantitative information. This information may include the financial condition and operating results of each investee, current economic conditions affecting operations, recent purchase, or sale of securities of the investee, any subsequent events or financing transactions that may indicate a change in fair value and available market comparables. For equity investments in financial institutions, fair value is estimated by applying a multiple to net assets. Multiples are determined based on observed market transactions, adjusted for factors specific to the investment. For equity investments in other companies, the Fund estimates fair value

3. Summary of Significant Accounting Policies (continued)

Investments in Equity and Debt Securities (continued)

by applying a multiple to earnings before interest, taxes, depreciation, and amortization (EBIT-DA), multiple to sales or using the discounted cash flows technique.

The Fund may invest in multiple securities or tranches of the same investee company. If a market participant would be expected to transact all positions in the same underlying investee company simultaneously, for example separate investments made in series A, series B, and series C, then fair value shall be estimated for the aggregate investment in the investee company. If a market participant would be expected to transact separately, for example purchasing series A independent from series B and series C, or if debt investments are purchased independent of equity, then fair value shall be determined for each individual financial instrument.

The price of the initial investment in an investee company or instrument will be deemed fair value as of the date of the transaction if the entry transaction is considered orderly. If there were subsequent follow-on investment, the price at which a significant amount of new investment into the investee company was made will be used to calibrate inputs used in the respective valuation technique to derive valuation if the entry transaction is considered orderly. However, the Fund should in all cases assess at each measurement date whether changes or events subsequent to the relevant transaction would imply a change in the investment's fair value and corroborate against valuations derived via other methodologies and may be discounted or increased.

In case a third-party validation has occurred since the previous valuation, the price of the most recent investment will serve as the initial basis for a revised estimate of fair value, however, such valuation will still be compared to valuations derived via other methodologies and may be discounted or increased. In certain cases, the Fund assesses the fair value of its investments based on third-party offers expressing interest in buying the underlying portfolio companies. In some cases, EBITDA may be adjusted to remove non-recurring items or to reflect results on a more sustainable basis. Multiples are determined by reference to third-party data. These factors are subject to change over time and are reviewed periodically. Changes in fair value are reported on an annual basis or in the period in which they become known.

For debt securities, which are not readily marketable and are not listed on an exchange or in an open market and valuation of which is based on unobservable inputs, are classified within Level 3 in the fair value hierarchy and their fair values are based upon the Investment Manager's continuing review and evaluation of these investments with consideration of current interest rates for similar loans, past experience, sovereign and currency risk, the financial condition of the borrowers, current conditions in the Region, and other relevant factors such as the non-collection of principal and interest when due in accordance with the contractual terms of the agreement. Debt securities, which are readily marketable and are listed on an exchange or in an open market are classified as Level 1 in the fair value hierarchy and their fair values are measured by reference to respective market quotations. The carrying values assigned to the investments are based on available information and do not necessarily represent amounts that might ultimately be realized, since such amounts depend on future circumstances and cannot

3. Summary of Significant Accounting Policies (continued)

Investments in Equity and Debt Securities (continued)

be determined with certainty until the individual positions are liquidated, and such differences could be material.

Investment transactions are recorded on a trade date basis with the resulting realized and unrealized gains and losses recorded in the statements of operations and changes in fund balance. For purposes of determining gains or losses on sales of investments, the cost of investments sold is determined on the specific identification basis.

Grants issued and grants payable

Grants issued are recorded as grant expense in the accompanying statements of operations and changes in fund balance and grants payable in the accompanying statements of assets and liabilities in the period in which the grantee meets the terms of conditions.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in bank accounts as well as any highly liquid financial instruments purchased with original maturities of three months or less.

Dividend Income

Due to the irregular nature of dividends from investments, dividend income is recorded on the ex-dividend date, when possible, and on a cash basis when dividends that were not previously known are received.

Interest Income

Interest on debt securities is accrued at the contractual rate based upon the principal amount outstanding and credited to income as earned.

The costs of providing the programs and other activities have been summarized in the statements of operations and changes in fund balance. Directly identifiable expenses are charged to programs and other activities when incurred.

Depreciation and Amortization

Computer equipment and software, furniture and other office equipment are depreciated on a straight-line basis over their estimated useful lives, principally 5-7 years. Leasehold improvements are amortized on a straight-line basis over the lesser of their useful lives or the term of the lease.

3. Summary of Significant Accounting Policies (continued)

Translation of Foreign Currency

The functional currency is the U. S. dollar. Generally, operating transactions are denominated in U. S. dollars; however, on occasion transactions are contracted in foreign currencies. Investments, which are denominated in foreign currencies, are initially recorded at the U. S. dollar equivalent on the date of the transaction and valued at September 30, 2023, and 2022 in accordance with the valuation policies. Items of income or expense that are denominated in a foreign currency are translated at the average rate for the month in which the transaction occurred.

Financial Participation Rights

Historically, financial participation rights agreements have been established with management of a number of portfolio companies. Generally, such rights entitle certain management members of portfolio companies to receive a percentage of the proceeds received by the Fund from the sale of the portfolio company or from dividends paid by the portfolio company to the date of sale.

Long-Term Equity Incentive Plan

The Board of Directors established a Long-Term Equity Incentive Plan (the LTEI Plan) with an effective date of October 1, 2002, for certain employees. This LTEI Plan, as approved by Congress and USAID, awards an interest in the net realized gain upon sale of the equity interest in a portfolio company. Interests are granted by the Board of Directors generally at the time of purchase of an investment. For LTEI Plan purposes, the calculation of net realized gain includes proceeds from sale, as well as cumulative dividends and preferred returns received from the portfolio company, net of any applicable financial participation rights (Proceeds). Interests are subject to a three-year vesting period and vest in one-third increments on each anniversary of the date of grant. Under the terms of the LTEI Plan, the Board of Directors may, in its sole discretion, accelerate vesting, extend the term or period of exercisability, modify the exercise price, or waive any terms of conditions applicable to any interests. Accordingly, no liability is recognized and no LTEI Plan expenses are recorded in the financial statements until a sale of an investment is realized.

In February 2006, the Board of Directors amended the LTEI Plan to enable continuation of LTEI Plan rights for eligible participants who remain an officer and/or key employee of the Fund or of HCA, or its affiliate, and HCA is retained as investment manager to the Fund. In February 2012, the Board of Directors further amended the LTEI Plan to extend the termination date of the Plan from September 30, 2012, to September 30, 2018.

In November 2016, the Board of Directors further amended the LTEI Plan to extend the termination date of the Plan from September 30, 2018, to December 31, 2022, as well as approved a revised schedule of participation percentages to be used in allocating Proceeds. Upon receipt of proceeds from the GCC exit, in December 2020 and August 2021, the Board of Directors approved the schedule of participation percentages to be used in allocating Proceeds. In January 2024, the Board of Directors further extended the termination date of the Plan from December 31, 2022 through the TLD of December 31, 2031.

Western NIS Enterprise Fund
Notes to Financial Statements
September 30, 2023 and 2022

4. U.S. Government Grants

The Fund has drawn down the \$150 million Grant in full. Under the terms of the Grant Modification, any liquidation proceeds realized by the Fund pursuant to winding up its affairs and selling its assets shall be allocated as follows: (i) 50% of such proceeds shall be utilized by WNISEF to support activities described in the Legacy Proposal; and (ii) 50% of such proceeds shall be utilized by the Fund for new investments undertaken to encourage the creation and expansion of SMEs in the Region.

During fiscal 2020, WNISEF was selected as a grantee for USAID's Economic Resilience Activity Project. Total financing disbursed to the Fund during fiscal 2020 and 2021 by USAID amounts to \$110,020. It has been used within the Impact Investment Program for providing three deposits as security for low-interest loans for social businesses operating in the Donetsk and Luhansk regions. WNISEF has established a local non-profit organization called "Impact Ukraine" to attract new funding for existing Legacy Programs.

During fiscal year 2023, the Fund has received new funding from USAID in amount of \$134,380,106 represented by the investment accounts within JP Morgan Chase Bank, which is comprised of debt securities stated at fair value of \$131,261,189 and cash of \$3,118,917, both including accrued interest.

5. Investments

In the accompanying statements of assets and liabilities, investments are stated at fair value. The Fund has recorded a net unrealized gain on investments of \$13,783,347, including a net unrealized gain on securities held on JP Morgan Chase investment account of \$1,382,635, for the year ended September 30, 2023, and a net unrealized gain on investments of \$6,252,515 for the year ended September 30, 2022. Both are based on valuation of the investment portfolio at fair value as of September 30, 2023. In addition, during the year ended September 30, 2023, the Fund recorded a net realized loss of \$125,000 due to the loan repayment by Koto with 25% discount, a net realized loss on securities held on JP Morgan Chase account of \$2,079,805 and a net realized loss of \$750 reflecting the Fund's pro-rata share of EEGF III realized losses incurred during this period, resulting in a total net realized loss on investments of \$2,205,555. During the year ended September 30, 2022, the Fund recorded a net realized loss of \$284,091 reflecting its pro-rata share of EEGF realized losses incurred

during this period and a net realized loss of \$729,071 reflecting its pro-rata share of EEGF III realized losses incurred during this period, resulting in a total net realized loss on investments of \$1,013,162. As of September 30, 2023, and as of September 30, 2022, EEGF had liquidated its entire portfolio.

In January 2023, the Fund received new funding of \$134,380,106 comprised of securities at fair value of \$131,261,189 and cash of 3,118,917, both including accrued interest. As of September 30, 2023, the Fund's investments in securities held on JP Morgan Chase investment account are stated at fair value of \$130,446,958 and consist of the cost of \$132,325,126 (including accrued interests of \$734,877) and unrealized loss of \$1,878,168.

Western NIS Enterprise Fund
Notes to Financial Statements
September 30, 2023 and 2022

5. Investments (continued)

JP Morgan Chase investment account is comprised of the following debt securities:

U. S. short-term debt securities*	11,996,025
U. S. long-term debt securities**	116,085,686
Non-U. S. long-term debt securities***	2,365,247
Total fair value as of September 30, 2023	\$130,446,958

* U. S. short-term debt securities are represented by debt securities issued by listed companies and U.S. Treasury Bonds with maturity of less than 12 months since the acquisition date.

** U. S. long-term debt securities are represented by debt securities issued by listed companies and, U.S. Treasury Bonds and U. S. government mortgage bonds with maturity of more than 12 months since the acquisition date

*** Non-U.S. Fixed Income securities are represented by debt securities issued by Canadian public companies with maturity of more than 12 months since the acquisition date.

Valuation of securities is performed on a monthly basis by JP Morgan Chase Bank with reference to open market quotations and is disclosed in the monthly bank statement.

In May 2023, the Fund received a loan repayment from Koto (The Credit Thing) in the amount of \$406,490, comprised of \$375,000 of principal repayment and \$31,490 of interest accrued. Based on the Board approval, the transaction was structured as a charitable contribution by Koto (The Credit Thing) founders to Ukrainian Leadership Academy (ULA) on behalf of WN-ISEF given it was a Hryvnia denominated payment.

The following additional disclosures relate to the changes in fair value of the Level 3 investments as of September 30, 2023, and 2022:

Fair value on October 1, 2022	\$51,730,406
Net realized loss from sales	(125,750)
Net change in unrealized gain on investments in earnings	12,400,711
Purchases for the year ended September 30, 2023	3,534,233
Proceeds for the year ended September 30, 2023	(839,010)
Fair value on September 30, 2023	\$66,700,590
Change in unrealized gain in earnings relating to assets still held	\$ 12,400,711
Fair value on October 1, 2021	\$43,060,757
Net realized loss from sales	(1,013,162)
Net change in unrealized gain on investments in earnings	6,252,515
Conversion of accrued interest to equity and debt investments	6,196
Purchases for the year ended September 30, 2022	4,292,741
Proceeds for the year ended September 30, 2022	(868,642)
Fair value on September 30, 2022	\$51,730,406
Change in unrealized gain in earnings relating to assets still held	\$6,252,515

Western NIS Enterprise Fund
Notes to Financial Statements
September 30, 2023 and 2022

5. Investments (continued)

The table below presents the ranges of significant unobservable inputs used to value Level 3 financial instruments representing the equity and debt investments. These ranges represent the significant unobservable inputs that were used in the valuation of these financial instruments. These inputs are not representative of the inputs that could have been used in the valuation of any one financial instrument.

Accordingly, the ranges of inputs presented below do not represent uncertainty in, or possible ranges of, fair value measurements of the Fund's Level 3 financial instruments.

Level 3 Financial Instruments	Significant Unobservable Inputs By Valuation Technique	Range of Significant Unobservable Inputs as of September 30, 2023	Range of Significant Unobservable Inputs as of September 30, 2022
Equity Investments	EV/Sales multiple	3.8-5.5	4.3-4.9
SAFE	EV/Sales multiple	6.4	5.2

The significant unobservable input used in the fair value measurement of equity investments and financial instrument (SAFE) is EV/Sales (Enterprise value to sales) multiple for recent, relevant, verifiable, comparable companies as this more accurately reflects the current value of these entities and challenges they have faced due to market conditions caused by the war in Ukraine and COVID-19, including devaluation. In addition, for the valuation of the SAFE instrument, the current multiple has been applied to last twelve months (LTM) annual sales as this best reflects the current value of this entity and increasing performance, despite the economic uncertainties caused by the war. The businesses of the Fund portfolio have not been materially impacted by the Russian invasion of Ukraine, or such impact was very limited, since the portfolio sales focus was on Western markets and the portfolio companies' personnel have been relocated to the safer areas. In certain cases, the Fund assesses the fair value of its investments based on third-party offers expressing interest in buying the underlying portfolio companies.

Significant increases (decreases) in these inputs may result in a significantly higher (lower) fair value measurement. The Fund's investments in EEGF III and HCGF IV represent the Fund's limited partnership interests in EEGF III and HCGF IV. During the fiscal year 2021, EEGF realized its entire portfolio, thus, as of September 30, 2023, and as of September 30, 2022, there are no investments in EEGF to be measured at the fair value. In the process of valuing its equity investments, EEGF III applies substantially the same types of unobservable inputs as applied by the Fund with EV/EBITDA multiples range up to 16.1, EV/Sales multiples range up to 15.8, EV/GMV multiple of 0.8 and P/B multiple of 0.8, as EEGF III investments also relate to entities operating in the Region. In the prior financial year EEGF III applied EV/EBITDA multiples range up to 17.1, EV/Sales multiples range up to 14.8, EV/GMV multiple of 0.7 and P/B multiple of 0.7. The reason for deviations in multiples is due to different industries in which investees operate. HCGF IV valued its portfolio as of September 30, 2023, based on cost of recent transactions.

Notes to Financial Statements

September 30, 2023 and 2022

6. Concentration of Credit Risk and Liquidity

By statute, all investments are in business activities conducted in the Region. As such, these investments and cash balances held in the Region's local banks are subject to the political and economic uncertainties associated with doing business in the Region. As of September 30, 2023, and 2022, the Fund had investments in debt securities of \$754,200 and \$539,140 respectively (direct investments) and investments of \$130,446,958 into debt securities held on JP Morgan investment account.

The Fund limits its exposure to credit risk by investing only in liquid debt securities that have a credit rating of at least BBB from S&P Global and A3 from Moody's. The Fund monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published rating, the Fund supplements this by reviewing changes in bond yields together with available press and regulatory information about securities.

The exposure to credit risk for debt securities at fair value and amortized cost as of 30 September 2023 by geographic region is presented by the United States (total value as of period end \$128,081,711) and Canada (total value as of period end \$2,365,247). Total amount of securities measured at fair value is equal to \$129,712,081, with total amount of securities measured at amortized cost is equal to \$7,195,591 as of period end.

In March 2023, due to risk of bankruptcy of the First Republic Bank and based on approval by the Chairman of the Board of Directors, the Fund's management transferred all amounts above the \$250,000 FDIC guaranteed limit to Barclays Bank. Later in June 2023, following the acquisition of the First Republic Bank by JPMorgan Chase Bank, based on approval by the Chairman of WNISEF Board of Directors, the Fund's management transferred 50% of available funds from Barclays Bank back to First Republic Bank and reverted to the Fund's diversification policy of maintaining significant amounts of cash in two banks, Barclays bank and First Republic bank.

As of September 30, 2023, and 2022, the Fund held cash and cash equivalents of \$12,923,883 and \$312,822 with a commercial bank based in the United Kingdom, \$13,090,465 (including \$4,964,591 of cash held on JP Morgan Chase investment account) and \$30,209,504 with commercial banks based in the United States and held remaining cash balances equaling \$187,692 and \$264,080 in the Region, respectively.

As of September 30, 2023, and 2022, all assets of the Fund are considered to be current excluding investments, fixed assets, and Impact Investing Program long-term deposits in amount of \$100,496 and \$198,804, respectively. As of September 30, 2023, and 2022, all liabilities of the Fund are considered to be current.

Western NIS Enterprise Fund
Notes to Financial Statements
September 30, 2023 and 2022

7. Fixed Assets

As of September 30, 2023 and 2022, fixed assets consisted of:

	2023	2022
Automobiles	\$103,070	\$103,070
Computer equipment and software	61,248	58,774
Furniture, fixtures, and equipment	23,061	23,061
Telephone equipment	9,382	10,838
Leasehold improvements	4,646	4,646
	201,407	200,389
Accumulated depreciation and amortization	(175,741)	(178,965)
Fixed assets, net	\$25,666	\$21,424

8. Financial Participation Rights

During fiscal years 2023 and 2022 WNISEF has no exit-based incentive financial participation rights expenses.

9. Retirement plan

The Fund established a defined contribution retirement plan (the Plan) designed to be qualified under Section 403 (b) of the US Internal Revenue Code. All eligible employees meeting certain age and service requirements may participate. Eligible employees may contribute amounts up to \$22,500 and \$20,500 in calendar years 2023 and 2022 respectively. Eligible employees who are age 50 or over at the end of the calendar year can also make catch-up contributions of \$7,500 and \$6,500 in calendar years 2023 and 2022, beyond the basic limit on elective deferrals.

In addition, the Fund makes monthly contributions to each eligible employee's account equal to 25% of the employee's base monthly salary, as defined, plus 5.7% of the amount of salary in excess of the Social Security Taxable Wage Base (\$160,200 as of January 1, 2023, and \$147,000 as of January 1, 2022). Employees are eligible to participate in the Plan immediately and are fully vested in the employer's portion after two years of service. Employer contributions to the Plan totaled \$58,910 and \$55,513 for the years ended September 30, 2023, and 2022, respectively. Related expenses are included in employee compensation and benefits in the accompanying statements of functional expenses.

Notes to Financial Statements

September 30, 2023 and 2022

10. Long-Term Equity Incentive Plan

Since inception of the LTEI Plan as of October 1, 2002, the Fund has realized exits on nine qualifying portfolio companies resulting in incentive awards to LTEI participants during the fiscal years ended 2003 to 2023. As of September 30, 2023, and 2022 and for the years then ended, \$9,878 and \$1,856, respectively, are recorded as exit-based incentive expense and \$464 and \$10,342, respectively, as exit-based incentive payable. As of September 30, 2023, and 2022, \$464 and \$10,342, respectively, are recorded as deferred exit-based incentive and will be charged to expense over the remaining vesting period. The exit-based incentive expense, exit-based incentive payable and deferred exit-based incentive amounts include related taxes.

11. Liquidity and Resource Availability

The Fund regularly monitors liquidity required to meet its general expenditures, other obligations, and commitments. Financial assets available to meet cash needs for general expenditures within one year of the date of the statement of assets and liabilities include:

	September 30, 2023	September 30, 2022
Cash and cash equivalents	\$26,202,040	\$30,786,406
Deposits due within one year	222,147	142,937
Interest, dividends, and other receivables	500	800
Other assets	31,177	228,322
Total	\$26,455,864	\$31,158,465

The Fund structures its financial assets to be available and liquid as its general expenditures, other obligations and commitments come due.

12. Other Liabilities

As of September 30, 2023, and 2022, the balance of other liabilities in the accompanying statement of assets and liabilities includes the amount equivalent to \$228,169 and \$211,323, respectively, payable in EUR to third parties under the Framework Agreement (and subsequent amendments to it) for the disposal of shares of GCC and GCPrim. In accordance with the terms of this Agreement, in June 2021, the Fund, acting as Sellers' Representative, obtained Purchase Price Adjustment proceeds attributable to the Fund as well as to other sellers.

13. Commitments

Investments

As of September 30, 2023, and 2022, the Fund has outstanding investment commitments to EEGF III totaling \$2,566,331 and \$2,908,217, respectively.

As of September 30, 2023, and 2022, the Fund has outstanding investment commitments to EEGF totaling nil and \$149,413 respectively.

13. Commitments (continued)

Investments (continued)

In August 2022, WNISEF Board of Directors approved a commitment of \$10 million to Horizon Capital Growth Fund IV, L. P. (HCGF IV) at its first closing, which was held on September 26, 2022. This commitment to HCGF IV is anticipated to be drawn down over five years. Following the draw downs in May and September 2023, the Fund has outstanding investment commitments to HCGF IV totaling \$8,324,479 as of September 2023.

Collateral

As of September 30, 2023 and 2022, the Fund pledged Impact Investing Program long-term deposits amounting to \$322,643 and \$341,741, as security for loans provided by the banks to social enterprises.

Grants

As of September 30, 2023 and 2022, the Fund did not provide support to students under the Economic Leadership Program.

Operating Leases

Occupancy expense for the years ended September 30, 2023, and 2022 is \$131,047 and \$118,993, respectively.

In January 2008, the Fund entered into a lease agreement (Lease Agreement) for the Chicago, Illinois premises that took effect on February 1, 2008, and was in effect until January 31, 2010. The lease has been extended on several occasions and is in effect until April 30, 2027. Monthly rental payments are required under the lease and, as the Grant Agreement with US-AID mandates that the Fund maintain a U. S. office, continue to be an obligation of the Fund.

In addition, as of March 1, 2006, the lease obligations in Kyiv, Ukraine and Chisinau, Moldova were transferred to HCAD, except for a nominal portion of these office leases to maintain the Fund's status in the Region. These nominal rental payments were paid by the Fund and reimbursed in full by HCAD, in accordance with the investment management agreement between the Fund and HCA. Starting from February 2015 and due to the Legacy Programs launch lease costs in Ukraine are allocated as follows: 1/3 to the Fund and 2/3 to HCAD based on the estimated usage of space by each organization.

In July 2021, the Fund signed a new Lease Agreement for the office premises in Ukraine that was effective from July 1, 2021, until September 30, 2023. In December 2022, the Fund extended the lease until December 31, 2025. Following the full-fledged invasion of Ukraine by Russia in February 2022, most WNISEF employees have been relocated outside of Ukraine, primarily in Warsaw, Poland. As such, in August 2022, the Fund signed a Lease Agreement for the office premises in Warsaw effective from September 1, 2022, to February 28, 2023. The lease has been extended on several occasions and is in effect until April 30, 2024.

Western NIS Enterprise Fund
Notes to Financial Statements
September 30, 2023 and 2022

13. Commitments (continued)

Operating Leases (continued)

Future lease payments under all effective lease agreements as of September 30, 2023, to be paid by the Fund are as follows:

Financial year 2024	112,691
Financial year 2025	119,021
Financial year 2026	56,576
Financial year 2027	25,337
Total operating lease commitments	\$313,625

Future lease payments under all lease agreements as of September 30, 2022, to be paid by the Fund were as follows:

Financial year 2023	135,499
Financial year 2024	33,907
Financial year 2025	34,811
Financial year 2026	35,734
Financial year 2027	14,566
Total operating lease commitments	\$254,517

14. Tax Status

United States

Historically, the Fund has been exempt from Federal income taxes under Section 501 (c) (3) of the U.S. Internal Revenue Code (the Code), and, because it was funded through U. S. government grants, has been classified as an organization that is not a private foundation as defined in Section 509 (a) (1) of the Code. The Fund changed its classification during 2010 from an organization that is not a private foundation under Section 509 (a) (1) to a public charity as defined in Section 509 (a) (2) of the Code, given that its income is no longer derived primarily from grants. The Fund continues to maintain its 501 (c) (3) designation and is exempt from payment of state and local income taxes. The Fund is registered as a Charitable Trust in Illinois.

14. Tax Status (continued)

Western NIS Region

The registration of the Fund's accredited representative offices in Ukraine and Moldova occurred on March 31 and July 28, 1995, respectively. Under a bilateral agreement between the Government of the United States of America and the Governments of Ukraine and Moldova regarding cooperation to facilitate the provision of assistance, the Fund is exempt from taxation on income received in connection with implementation of the United States assistance programs. During fiscal year 2003, the Fund ceased activities of its representative office in Ukraine, electing to conduct its operations as an international technical assistance project, as defined by the Governments of the United States and Ukraine.

15. Related Party Transactions

The Fund enters into investment management agreements with HCA, or related entities, approved by the Board of Directors, to manage the Fund's investments on the same terms as the relevant investment management agreements with EEGF, EEGF III and HCGF IV. These agreements envision a fee of 2.5% of committed capital to manage the respective portfolios during the commitment period, decreasing to 2.0% of funded commitments after the expiration of the commitment period.

Management fee expense from October 1, 2022, through September 30, 2023, totaled \$102,904 and prepaid expense of \$26,409 is included in the statement of assets and liabilities as of September 30, 2023. The management fee expense from October 1, 2021, through September 30, 2022, totaled \$81,102 and prepaid expense of \$25,033 is included in the statement of assets and liabilities as of September 30, 2022.

In February 2015, the Fund entered into a shared services agreement with HCA, approved by the Board of Directors, to provide additional program management and administrative services for Legacy Programs. The agreement envisioned a fee of \$525,000, payable annually in advance on the first business day of January, with the first payment made in May 2015 for the period from February 1, 2015, through December 31, 2015. In December 2020, this agreement has been prolonged till December 2023. The Program management fee expense from October 1, 2022, through September 30, 2023, totaled \$525,000 and a prepaid balance of \$131,250 is included in the statement of assets and liabilities as of September 30, 2022. The Program management fee expense from October 1, 2021, through September 30, 2022, totaled \$525,000 and a prepaid balance of \$131,250 is included in the statement of assets and liabilities as of September 30, 2022.

Also refer to the Condensed Schedule of Investments containing balances and description of transactions with portfolio companies.

Subsequent to the initial closing of EEGF, a majority of the Fund's personnel, administrative and operating expenses were transferred to HCAD. During fiscal years 2023 and 2022, the Fund made payments on behalf of HCAD totaling \$84,216 and \$243,036, respectively,

Notes to Financial Statements

September 30, 2023 and 2022

15. Related Party Transactions (continued)

and HCAD made payments on behalf of the Fund totaling \$44,313 and \$36,994, respectively. As of September 30, 2023, there was an outstanding balance of \$35,806 due from the HCAD to the Fund and included in other assets in the accompanying statements of assets and liabilities. As of September 30, 2022, there was an outstanding balance of \$232,128 due from the HCAD to the Fund and included in other assets in the accompanying statements of assets and liabilities.

The Fund provided grant funding to the Ukrainian Leadership Academy (ULA) in relation to its operations. During fiscal 2023, the Board of Directors approved the expenditure and the Fund provided funding of \$1,086,490 with \$406,490 disbursed by Koto founders to ULA on behalf of WNISEF as principal and interest repayment in relation to Koto loan. During fiscal 2022 the Board of Directors approved the expenditure and the Fund provided funding of \$1,060,042. The Fund may, at its discretion, suspend funding.

The Fund pays certain costs on behalf of its portfolio companies for which the Fund seeks reimbursement. Amounts not ultimately reimbursed to the Fund are written off and expensed in the accompanying statements of operations and changes in fund balance.

16. Contingencies

In the ordinary course of business, the Fund may be involved in various claims and legal actions and may bear material legal costs relating to such matters. In the opinion of management, no provision is required, and none is included in the accompanying financial statements as the loss, if any, will not have a material adverse effect on the financial position or changes in fund balance.

17. Guarantees

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, management believes the risk of loss to be remote.

Western NIS Enterprise Fund
Notes to Financial Statements
September 30, 2023 and 2022

18. Financial Highlights

The financial highlights for the years ended September 30, 2023, and 2022 are as follows:

Ratios to average fund balance	2023	2022
Net investment gain (loss)	0.9%	(0.6)%
Net realized loss on investments	(1.4)%	(1.2)%
Operating expenses for investment activities	0.6%	0.7%
Legacy Programs	4.4%	5.9%
Total return	7.1%	(0.2)%
Ratios to committed capital	2023	2022
Net investment gain (loss)	-	(0.3)%
Net realized loss on investments	-	(0.7)%
Operating expenses for investment activities	-	0.4%
Legacy Programs	-	3.3%

Ratios to average fund balance are computed as net investment gain or loss (total investment income less total expenses), net realized gain or loss on investments (excluding realized losses from the write-off of investments) and expenses (for Legacy Programs net of grant income) divided by the average fund balance for the years ended September 30. The total return represents the change in the value of an investment and is measured by comparing the aggregate ending value of the fund balance to the aggregate beginning value of the fund balance.

As of 30 September 2023, the Fund no longer measures their financial highlight ratios to the committed capital. Previous year ratios were computed as net investment gain or loss (total investment income less total expenses), net realized gain or loss on investments (excluding realized losses from the write-off of investments) and expenses divided by committed capital. Committed capital is the total letter of credit commitment from USAID. As of September 30, 2022, this amount was equal to \$150,000,000.

19. Subsequent Events

Subsequent to the year-end, based on the approval by the Board of Directors, the Fund has initiated the process of changing its legal name into Ukraine-Moldova American Enterprise Fund. This change was recorded in the Delaware Secretary of State's Certificate issued in October 2023. The new name will reflect the Fund's actual historical and ongoing operations in Ukraine and Moldova, which is consistent with the practice of other US-sponsored enterprise funds of including the names of the countries where they operate in the fund name.

In October 2023, the Fund received official notification from the Investment Manager that EEGF was formally terminated.

19. Subsequent Events (continued)

Also in October 2023, based on the Board of Director approval, the Fund made investment of \$250,000 through a convertible note into Cloudprinter (Beckenbein B.V.), a print-on-demand software company.

Additionally, in October 2023, the Fund paid a net contribution to HCGF IV totaling \$363,879. This amount represents a contribution for portfolio investments and expenses totaling \$589,996 offset by equalization distribution of \$221,285 and notional interest of \$4,832.

In November 2023, based on the Board of Director approval, the Fund made an equity investment of \$500,000 into Carmoola, an app-based used car financing provider.

Finally, in December 2023, the Fund received a hold-back payment relating to potential anti-competition council-related claims of EUR 1,839,921 from Vetropack Austria Holding AG. This hold-back payment related to the sale of the Fund's stakes in Glass Container Company S.A. and Glass Container Prim S. A, a transaction that have been concluded in fiscal year 2021. The transaction documents allowed for a potential for receipt of such hold-back payment upon expiry of three years.

Management has evaluated events from the date of the statement of assets and liabilities through January 5, 2024, the date at which the financial statements were available to be issued and has determined that there are no other items to disclose.



Western NIS
Enterprise Fund

Western NIS Enterprise Fund Directory

Board of Directors

Dennis A. Johnson, Chairman of the Board

Executive Vice President
Cooperative Housing Resources, LLC

Jaroslawa Zelinsky Johnson

President and Chief Executive Officer
Western NIS Enterprise Fund

Jeffrey C. Neal

Founding Partner
Horizon Capital

John E. Herbst

Director, Dinu Patriciu Eurasia Center
Atlantic Council

Marta Farion

Founder & President
Kyiv-Mohyla Foundation of America

Daniel Runde

Senior Vice President;
William A. Schreyer Chair and Director,
Project on Prosperity and Development,
Center of Strategic & International Studies (CSIS)

Director Emeritus

Patrick H. Arbor

Shatkin Arbor, Inc.

Margot Ellis

Member of the Board
Western NIS Enterprise Fund

WNISEF Officers

Jaroslawa Zelinsky Johnson

President
and Chief Executive Officer

Natalia Kovalenko

Chief Financial and Administrative Officer
and Treasurer

Lenna Koszarny

Executive Vice President

Elaine McCormack

Secretary



Western NIS
Enterprise Fund

UKRAINE

4 Pavla Zagrebelnoho
Kyiv, 01042, Ukraine

Tel.: +380 (44) 490-5580
Fax: +380 (44) 490-5589

UNITED STATES OF AMERICA

175 W. Jackson Boulevard
Suite 1640
Chicago, IL 60604

Tel.: +1 (312) 939-7003
Fax: +1 (312) 939-7004

Contact e-mail:
info@wnisef.org

Website: www.wnisef.org



CREATIVE
ACCELERATOR

ENTREPRENEURSHIP IN
RESIDENCE PROGRAM
IN MOLDOVA

1. Yes, and.....
2. Don't judge

POROZMAVIJAMO...
SMART CITY
SZYMON CIUPA

Design thinking

STELLA JEMINA
Country Representative for Ukraine
President of USAID

DIS
UKRAINE

Ukraine House 2023